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THE ECONOMIST'S SPIRAL

The historian of another age is likely to appraise our own day as disturbed in thought, no less than restless in action. The shock of the Great War brought mental bewilderment with dislocated affairs. Accepted creeds were challenged as smug conventions, and primary faiths—wrenched from traditional security—groped for firm stands. Theology, politics, philosophy, economics, felt this upheaval. Like Serapion, the pious believer lamented the old anchorage and cried for a new god.

It was the basic social concept—the trend of human affairs—that suffered most. Seven years ago the doctrine of progress might have been fairly described as a scientific verity. Barring the pessimism of a philosophical cult, the receding postulates of Marxism and the occasional rationalist crying in the wilderness, there was no formal dissent from the principle of progressive betterment in human affairs. The pendulum was to swing far. In 1919 a regius professor of history, in the detachment of doctrinal review could declare: "The progress of humanity belongs to the same order of ideas as Providence or personal immortality. It is true or false, and like them it cannot be proved either true or false. Belief in it is an act of faith."

From this frank agnosticism there developed two variants. The one, an extreme rebound from implicit acceptance, was naturally enough sheer negation. Not progress but blind chance—even worse, outright retrogression—is the order of social movement. A century and a half ago, Adam Smith—as after him, the whole train of classical economists through John Stuart Mill—had indeed fashioned the concept of a retrograde as against a progressive or a stationary society. But the blight was specific and remediable: "the sensible decay" of "the revenue and stock of its inhabitants" making up "the funds destined for the maintenance of labor." The older economics, any more than the older philosophy, had no place for a necessitarian doctrine of social decline.

War gave way to Reconstruction, and the menace of arms yielded

¹ President Wilson's address at the Thirty-fourth Annual Meeting of the American Economic Association held in Pittsburgh, December 27, 1921.

² *Barry, The Idea of Progress* (1920), p. 4.

³ *The Wealth of Nations* (ed. Cannan), vol. I, pp. 78-79.

to the dislocation of peace. With the change, philosophical depression was succeeded by historical retrospect. The sensible form became a revival of the age-old concept of cyclical return. Less naive than the Stoic's doctrine of periodic destructions and rebirths, more complex than Vico's principle of reflux, less mystic than Nietzsche's vision of eternal recurrence—the essence of this new creed is that the course of human affairs follows not a trajectory but a spiral.

The composite origin of the doctrine appears in its two phases: the spiral may be horizontal or vertical. The one, with ear-mark of reaction, assumes a recurrent swing bringing man back again and again to the point from which he started; the other, still linked with the old optimism, pictures a spiral ascent, wherein "each stage of an upward progress corresponds in certain general aspects to a stage which has already been traversed." Both are insistent that normal forces working in essentially like settings beget similar phenomena.

Color and warmth have been lent to this "neo-spiralism" by historic parallel. In particular, the accompaniments and sequels of the other "great war" of a hundred years ago disclose resemblances so startling that a recent investigator observes: "A student conversant with the earlier period often has an uncanny feeling of having previously lived through current events." In currency disorders, in price fluctuations, in industrial disputes, in agricultural unrest, in trade depression, in social reaction—this likeness appears: "Everything goes, everything returns, eternally does the wheel of being roll."

The parallelism in economic facts has been at least partially explored; but the likeness in economic thought has received little attention. Invoking the principle of historical relativity, an exhibit of resemblance might be expected. Opinion is an interpretation of life. Given corresponding conditions, like doctrines may be anticipated—differing only as the personal equation shades the image or as new instruments of precision render it more exact.

The rôle of the political economist in the Napoleonic contest and its aftermath was not influential, certainly not distinguished. Adam Smith's death three years before the outbreak of hostilities had made "less impression than the death of a bustling divine." The public regarded the *Theory of Moral Sentiments* as "a far superior work" to the *Wealth of Nations*, and calmly accepted the latter as "a sensible book."

¹Bury, *op. cit.*, p. 27.

²Buer, "The Trade Depression Following the Napoleonic Wars," *Economica*, May, (1921), p. 159.

³Nietzsche, "Zarathustra", III, xiii, §2; cited in Salter, *Nietzsche the Thinker* (1917), p. 169.

⁴Rae, *Life of Adam Smith* (1895), pp. 435-6.

A decade before, indeed, tradition has it that Pitt had come under Smith's influence, and thereafter "always confessed himself as one of Smith's most convinced disciples."⁸ Mr. Rae has written of the young statesman "reforming the national finances with the *Wealth of Nations* in his hand," and Buckle long ago cited Pulteney's appeal to "the authority of Dr. Smith who, it was well said, would persuade the present generation, and govern the next."⁹ But recent studies have tended to qualify this wholesale ascription. Rose insists that the influence of Adam Smith upon Pitt has been exaggerated;¹⁰ Rees maintains that even in his administrative reforms Pitt was influenced "less by Adam Smith than by the Committee of Public Accounts (of 1785),"¹¹ and Kennedy, contesting the view that the *Wealth of Nations* brought to the world a new revelation of the principles of taxation, declares bluntly that Smith merely "gave a wide intellectual sanction to a set of opinions already very influential" and that "all the large changes (in taxation) since his day . . . have been made independently, or in spite of the influence of his ideas."¹²

Certainly, with the alarms of war, economic philosophy yielded to economic opportunism. From 1793 on, through Pitt's death in 1806, up to the end of the great struggle, the impress of Adam Smith—whatever it may have been—was felt in the world of thought, not in the domain of affairs.

Adam Smith's mantle descended upon Dugald Stewart. But with it came no direct access of practical influence. Reaction, born of the Terror, was in the air; and, discriminating critic and eloquent expositor though he might be, Stewart was not temperamentally of the stuff of academic martyrs. "I have been so uniformly impressed with a sense of the importance of my situation" (as professor of moral philosophy at Edinburgh)—he wrote in apologetic reply to Lord Abercromby's alarm—"that among all the interesting questions which have, during the last nine years, divided our political parties, I have never introduced the slightest reference to any of them excepting in the single instance of the African trade, on which I formerly expressed myself with some warmth;—and even these expressions I dropped from my course, as soon as it became matter of public discussion."¹³

Apart from Adam Smith and Dugald Stewart we search vainly in the period before 1800 for any considerable influence of economic opinion

⁸*Ibid.*, p. 404.

⁹*History of Civilization in England*, vol. I, ch. 4, p. 61.

¹⁰*William Pitt and National Revival* (1912), p. 183.

¹¹*A Short Fiscal and Financial History of England, 1815-1918* (1921), p. 11.

¹²*English Taxation, 1640-1799* (1913), pp. 141-2; in Rees, *op. cit.*, p. 225.

¹³John Veitch, *A Memoir of Dugald Stewart in Collected Works of Dugald Stewart* (ed. Hamilton), vol. X, lxxiv.

upon public policies. Massie, never widely read, had long since been forgotten. Hume's *Political Discourses* had, a generation before, entered into the general equipment of the publicist and become mere common sense. Sir James Stewart's stately volumes gathered dust on the shelves. Godwin's *Political Justice*—destined to exercise a profound impress upon a succeeding generation—was accorded the neglect which Pitt observed could be safely imputed a work that sold for three guineas. Bentham, writing from the first—in Dumont's phrase—"never as the historian but always as the legislator,"—had shown his mettle, but hardly more. The *Essay on the Principle of Population*, two years after its publication, was still a sacrilegious lampoon for which its anonymous author, one Rev. Thomas Robert Malthus, should have been unfrocked.

There was, as there had been for a century earlier, a succession of economic compositions—some not without practical result. Young, Sinclair and Anderson made themselves felt in agricultural policies. Eden contributed to clearer thinking as to social conditions. Richard Price could point to the sinking fund with something akin to proprietary interest. Yet the first decade of the Napoleonic struggle ended with the economist, as such, neither prominent nor important.

The turn came in the second half of the war with the increasing acuteness of economic disorders and the greater interest in economic study. The Bank Restriction of 1798 and the ensuing derangement of the exchanges brought forth a flood of pamphlets in polemic criticism and defense, culminating in the Bullion Report and in Ricardo's 'definitive tracts. The price of corn fluctuated wildly with the interruptions of war—intensifying crop variations—and an "inquiry into the causes and remedies of the late and present scarcity and high price of provisions" became a literary habit. Pitt's fiscal necessities and the reluctant adoption of the income tax in 1799 precipitated a controversial war. Malthus took formal place as the best abused man of his day. The Berlin and Milan decrees revived, in new phase, an old discussion as to commerce and national well-being. The sinking fund was alternately magnified as a fiscal panacea and reviled as a national calamity.

Substantial as was this body of economic writing it lacked continuity and integration. Like the currency debate of the seventeenth century and the trade controversy of the eighteenth, pre-Ricardian literature of the nineteenth century figures, with bare exceptions, as the output of tract-writers and pamphleteers.

The saving elements were the concurrent growth of scientific consciousness and the vogue of economic study—tendencies associated with the name of Dugald Stewart. Unimportant in doctrinal contri-

bution, negligible in practical influence, the notable service of Stewart was in preserving the concept of economic science and in transmitting an ardent enthusiasm for its pursuit.

The small groups who from 1799 on gathered at Edinburgh in attendance upon his "separate course"—James Mill, J. R. McCulloch, Thomas Chalmers, the Earl of Lauderdale, Henry Brougham, Francis Horner, Francis Jeffrey, Macvey Napier, Sydney Smith; Archibald Alison—were the men who contributed most as text-writers, as reviewers and as journalists to the revival of economic study in England in the decade then beginning.

But the largest product of Dugald Stewart's lecture room was the prominence of economic criticism in the newly founded *Edinburgh Review*. The project was from the first designed to effect practical reform rather than to afford philosophical exercise. Undertaking to oppose in politics, in economics, and in jurisprudence that "timorous acquiescence in the actual system," which Walter Bagehot calls a habit of the early nineteenth century, the *Review* became something more than "the doctrinal organ of the whigs." In the field of economic relations, its editors attempted nothing less than the formation and spread of a sound public opinion. Issue after issue appearing with essay-like critiques from Francis Horner, Richard Jeffrey, Sydney Smith, Henry Brougham—a little later Malthus, James Mill, and McCulloch—the *Review* became the rostrum from which olympian judgment, sometimes biased, often truculent but rarely incompetent, appraised the economic writings and happenings of the period.

From the new consciousness proceeded scientific dignity and popular interest. Adam Smith had used the term the "science" of political economy and in the next generation, thanks to Stewart's teaching and Say's writing, the phrase had come into easy use. But from 1810 on it acquired meaning and force. The fourth edition of the *Encyclopaedia Britannica* in that very year carried an expository article on "Political Economy." A coterie gathered about Ricardo's breakfast table, and personal regard cemented intellectual sympathy. Doctrinal controversies were initiated and conducted with spirit—a remarkable exhibit of this activity, the long missing and much desired manuscript of Ricardo's *Notes on Malthus* having happily been recovered during the past summer and being now in process of publication."

Academic recognition, anticipated in Malthus' appointment at Haileybury in 1807, was more fully accorded by Pryme's lectureship at Cambridge in 1816 "to facilitate the study of a science hitherto inaccessible without the most arduous perseverance," even though subject to the condition, indeed, that the lectures be not given at an earlier hour

"See paragraph under Notes of this issue of the *Review*."

than twelve o'clock, lest they should interfere with other fixtures.¹⁵ Finally, in 1821, the Political Economy Club—to whose honored centenary this Association within the last month has sent its message of congratulation—was organized nominally to support the Merchants' Free Trade Petition of 1820, but really, as its first resolutions set forth, to effect the formation of a society for promoting the knowledge of political economy.¹⁶

The counterpart of scientific consciousness was popular vogue. In 1811, Boileau compiled his *Introduction to the Study of Political Economy* "particularly for those to whom rank or fortune hold out the noble prospect of being one day called to legislate for their fellow-subjects."¹⁷ At the other extreme Mrs. Marcet, a few years later, presented her *Conversations in Political Economy*—destined to run through many editions—in order to bring the science within the reach of any "intelligent young person, fluctuating between the impulse of her heart and the progress of her reason, and naturally imbued with all the prejudices and popular feelings of uninformed benevolence."¹⁸

Maria Edgeworth recorded in 1823 that political economy was displacing the ordinary disciplines as the necessary equipment of nursery governesses and that "it had become high fashion with blue ladies to make a great jabbering on the subject."¹⁹ In 1823 McCulloch trumpeted: "The time cannot be far distant when a knowledge, or at least some little attention to, Political Economy will be considered as necessary for a legislator as a knowledge of Greek"—in itself no mean exhibit of the economist's spiral.²⁰ And almost at the same time an anonymous author presented "to the enlightened ideas, and acute perception of the American people" *A Treatise of Political Economy. . . . in the form of a Romaunt, for the more pleasing accommodation of readers*; wherein the subject "presumed to be considered upon strict philosophical, mathematical, and geometrical principles" is explained in a series of letters to Aristippus from Aristander, "perceived in a deep vision."²¹

The reflex of scientific pursuit and popular favor was practical effect. In the five years that followed Waterloo—roughly, the period of post-bellum reconstruction—political economy exercised a practical influence never before equalled. In every phase of the nation's life there was enactment or repeal in accord with "the verdict of the econ-

¹⁵*Autobiographic Recollections of George Pryme* (1870), p. 121.

¹⁶*Political Economy Club: Minutes of Proceedings, etc.*, (1921), p. 1.

¹⁷Preface, p. v.

¹⁸Preface, p. ix.

¹⁹*Life and Letters of Maria Edgeworth* (ed. Hare, 1895), vol. II, p. 65.

²⁰*Autobiographic Recollections of George Pryme*, p. 127.

²¹Baltimore, 1824.

omists"—sometimes even in vindication of rejected advocacies. The income tax which in 1798 Pitt had imposed and in 1803 reimposed was in 1816 repealed and the very assessment records burned. The sinking fund after two decades of financial legerdemain was reconsidered in 1819 and reconstituted in 1823. The House of Commons in 1811 solemnly recorded its dissent from the conclusions of the Bullion Report, only with equal solemnity in 1819 to reverse its action. Tooke's draft of the Merchants' Petition, favorably received by Lord Liverpool's government in 1820, established the political rallying point for "the principles of a Free Trade policy" which a generation before Adam Smith had regarded "as absurd as to expect that an Oceana or Utopia should ever be established" in Great Britain.

How from this high estate, political economy in the next decade fell to disregard and neglect is a familiar but painful chapter in the history of our science. Inquiry gave way to dogmatism and analysis was displaced by disputation. Intellectual independence was sapped and scientific doctrine degenerated into barren dialectics, even into class advocacy. Cobbett, Place, Owen and the sturdy group—lately come into its own as the "English Socialist School"—exposed "the inherent defects and injustice of the existing system." Mallet could write of accuracy and minuteness of definition as part of "the coxcombrity of the Political Economists" . . . continuing thereafter, in Elia's phrases, "their minds are never caught in undress or by glimpses; their stocks of ideas are in perfect order and completeness. You cannot cry halves to anything they find. Between the affirmative and negative there is no border land with them. Their conversation is a book."²²

It was before this august company that McCulloch could assert "that there could not be a farthing more capital in the country if the national debt had not been incurred";²³ that Tooke could propose "tea as a perfect object of taxation, because it would hardly be considered as a necessary of life, and the quantity required by each individual is so small";²⁴ that Senior could maintain in opposition to the Factory bill of 1837 that the profits of the operators accrued only in the final hour, and that "the Factory bill was altogether mischievous."²⁵

The influence extended beyond "The Caledonians." In 1833 Harriet Martineau assured early Victorianism that "The case of those wretched factory children seems desperate; the only hope seems to be that the race will die in two or three generations, by which time machinery may

²²*Political Economy Club: Minutes of Proceedings, etc.*, vol. VI, p. 278.

²³*Ibid.*, p. 226.

²⁴*Ibid.*, p. 223.

²⁵*Ibid.*, p. 274.

be found to do their work better than their miserable selves.”²⁶ And James Stirling—one of “the popular advisers of the middle class”—writing a little later but reflecting a like spirit, could look forward to a time when “the fanatical faith of the working classes in the artificial mechanism of combination will give place to trust in the wiser, because more natural, system of individual competition; and the hiring of labor, like the exchange of commodities, will be set free, to be regulated by the Heaven-ordained laws of Supply and Demand.”²⁷

II

Let us turn from this century-old story to consider the rôle of the economist—of the American economist—in our own Great War, and in its aftermath. The first fact to arrest attention is the deeper consciousness, the more articulate form, the larger recruitment of the science. In 1917 political economy in the United States could fairly rank with any of its sister sciences in the definiteness of its aim, in the detail of its exposition, in the range of its influence, in the ardor of its devotees.

In outright numbers and in relative competence the fraternity had made notable advance. Compactly organized in scientific association, supplied as to assembled material and equipped as to technical journals, animated with high sense of public responsibility, established in academic office with large student groups affording apprentices and offering discipleship—the economist had come to fill a distinctive place in the nation’s life. Increasing requisition by public service and sensational bidding-up by private enterprise had so far dissipated the old seclusion that prospective scientific impoverishment rather than present public neglect constituted his concern. With the greater specialization of social effort nation, state, and city were utilizing the economist’s counsel and enlisting his personnel. In Washington this was physically manifest. The Cosmos Club, like Piccadilly Circus, was the point at which one might stand and see his world pass.

The permanent Census Office, the reconstituted Department of Labor, the rehabilitated Tariff Commission, the enlarged Department of Commerce, the reorganized Federal Trade Commission, the expanding Department of Agriculture were so many stages in the economist’s progress. Not always as expertly staffed as might be, hampered often by political exigency, they reflected a widening infiltration. There were positive triumphs too. Workmen’s compensation had become a

²⁶*Autobiography* (ed. Chapman, 1877), vol. III, p. 87; cited in Webb, *Industrial Democracy* (1897), vol. II, p. 608, n.

²⁷*Trade Unionism* (1869), p. 55; cited in Webb, *Industrial Democracy*, vol. II, p. 653.

part of our industrial scheme. Mediation and arbitration were finding use in systematized form. Collective bargaining, at least as a phrase, had entered into business terminology. The income tax had been incorporated into the national revenue system. The theory of monopoly price was definitely accepted as to the regulation of non-competitive industry. The Federal Reserve act had repaired the glaring defects in our banking organization. The Federal Farm Loan project gave assurance that agricultural credit was to become available.

At our entry into the war the opportunity would thus seem to have been present for the exercise of a large influence upon affairs. The course of the struggle had made it evident that eventually the race must be to the economically strongest; and the experiences of the belligerents had shown the penalty of economic bungling.

In the physical sciences there was swift mobilization and quick tender and ready acceptance of scientific guidance. As to the economists there is a different story. There had been no preparedness in the three fateful years that preceded our entry into the World War, and there was no collective proffer after we had entered. Even more, there was at the outset no instinctive recourse to the economist on the part of public authority, and but slow and half-hearted requisition of his services thereafter.

The results were twofold—both unfortunate. On the one hand, failing systematic mobilization, a wasteful individualism prevailed. The American economist either ate his soul out in enforced inactivity; or, the situation becoming intolerable, accepted subordinate, often clerical position, rather than do nothing at all. And on the other hand, his proper rôle was taken over in part by a group of transmuted men of affairs; in part by a corps of business technicians, distinguished from the economic investigator by the more austere title "statistician."

Of the whole company of American economists, including all of those whose names we delight to honor, not a single figure was in the first instance chosen or was thereafter permitted to exercise formative, determining influence in the economic conduct of the war. Services of great usefulness, of high importance, were rendered by almost every member of our body, and I should fail lamentably in my purpose did I seem to be insensible of this. But nowhere and at no time was the opportunity afforded to shape and direct. And on the other hand, in instance after instance, constructive discretion and responsible leadership were vested in men whose excellencies, high as the heavens, were yet marked by absence of those qualities which we insist distinguish the scientifically equipped economist.

This is no light statement. But it has not been hastily conceived nor recklessly phrased. Over and above the great company of those

usefully, but administratively, engaged—one, two, perhaps three names come to mind as of economists who by circumstance or designation may seem to have been permitted to exercise what I have ventured to call formative influence. But closer scrutiny will establish even as to these, that the notable service which each in his respective field was able to render was not because but in spite of the range of discretionary power.

This dispossession of the economist would have resolved itself into a mere slighting of sensibilities, had it been justified of the result. But the exhibit here is unmistakable. If we refuse to be flattened out by the "we won the war" argument, garnished with its "hells" and "damns," and survive the more subtle "it was necessary under the circumstances" fallacy, with its aura of officialdom, the unpleasing fact stands forth that the history of the war discloses a series of costly economic errors that expert guidance should have avoided.

The four great areas of economic intervention in our war activities were:

1. Labor adjustment.
2. Price-fixing.
3. Revenue provision.
4. Banking administration.

In each of these, government practice was shaped—either by deliberate policy or opportunist drift—independent, even in disregard of the economist's opinion. In the execution of such practices the economist was utilized and his influence was exercised. But the formative policy was elsewhere initiated and the controlling guidance was elsewhere lodged.

The particulars may be briefly reviewed:

1. The history of labor adjustment in the war is a complex of opportunist adaptation of a peace-time mechanism, imperfectly comprehended, to a war-time requirement, inadequately visualized—the whole shot with a premature idealism.

In 1917 the labor world was still the least well-understood part, in structure and function, of our economic organization. The simpler magnitudes—distribution, unionization, wage levels, were imperfectly enumerated, and the deeper elements—the interaction of workers as to unionism, localities, and trades—were not even apprehended. Where the expert would have trodden cautiously, the amateur rushed in unhesitatingly. There resulted a series of wasteful ventures, out of which the bare concept of a solution—a common labor policy in all war industry—did not emerge until the war was half over and the actual realization of which was still unattained when the war was over.

Just as the problem of labor distribution was met with an unin-

formed empiricism, so the problem of labor remuneration was approached with a premature idealism. From insistence that the outbreak of war must not serve as a pretext to sweep away accredited industrial defences, to endeavor that the exigencies of war be used to elevate wage levels to an imperfectly ascertained, inexpertly administered standard of comfort—this is a far cry, the sharp echoes of which were certain to ring in the nation's ears long after the event. "

2. Price-fixing has been recently described as "one of the most important economic novelties that resulted from the war."²⁸ It was novel not in the sense of a new and untried device: but rather, in that it jettisoned accredited economic opinion. No rubric in our creed seemed more secure, none more safely an induction from historical experience, nor more firmly buttressed upon primary economic axioms than the unwisdom of a legal price maximum.

An appeal to doctrinal authority is no sufficient logic in the political economy of war. *Inter arma silent leges* may be invoked as to opinion as well as to affairs—when the nation's existence is in the balance. A distinguished leader in the financial world has defended a somewhat like election in an epigram: "It was patriotism that for the time being displaced or disregarded economic laws or principles."²⁹ Obviously, we have to do here with the fineness of our scientific texture. Even patriotism may not flout the conservation of energy or the combustion of gases or bacterial incubation. Certainly economic uniformities, even the best of them, are not as the corner-stones of physics, chemistry and biology. But before propulsion into the outer darkness they are, at least, entitled to a day in court with counsel for the defense from their own exponents. And this as to the adoption—adoption, remember, not operation—of the policy of price-fixing was denied the economist.

A competent participant, judicial but sympathetic, has said in review: "Government price-fixing during the war was not uniform in its objects, and was little guided by principles or deliberate policies. In the main, it was opportunist, feeling its way from case to case."³⁰ This concerns a later matter, into which—tempting as is the invitation—it is not permitted to enter. But however faint the praise as to practice, incomparably less even than this may be said as to the spirit of entry. There were definite ends to be attained: the protection of the public in fuel and food; the protection of the government in essen-

²⁸Simpson, "Price Fixing and the Theory of Profit" in *Quarterly Journal of Economics*, November, 1919, p. 138.

²⁹James B. Forgan, in *AMERICAN ECONOMIC REVIEW*, March, 1920, Supplement, pp. 177-8.

³⁰Taussig, "Price-Fixing as seen by a Price-Fixer," in *Quarterly Journal of Economics*, February, 1919, p. 238.

tial materials. To these ends there were alternative means; administrative bargaining on patriotic basis; commandeering, potential or actual; non-inflationary financing; licensing of fuel supply; control of transport facilities; appropriation of war profits. It is by no means clear that the objects in view would have been better served—even as well served—by any or all of these methods as by direct price-fixing. But a statement to the contrary is quite as unwarranted. Until there has been a fuller inquest—attended by more than ordinary difficulties—in which will be weighed the consequences of what was done, compared with the possible results of what might have been done—the final verdict must be withheld.

That, however, which is certain, is that the determination of policy—or, if a less conscious procedure be emphasized, the initial step—in essence, a radical departure from accepted economic opinion and practice—was taken deliberately, almost leisurely, without either that expert canvass of the problem or that consultative regard for scientific opinion which even in war time is the requisite of administrative efficiency.

3. The nation approached its war financing with the fairest prospect of actual practice conforming to sound theory. The necessity of revenue provision on a vast scale had been admitted; the policy of a relatively large ratio of taxes to loans had been adopted; the danger of “the very serious hardship which would be likely to arise out of inflation” had been set forth in a presidential utterance; expert counsel had been summoned in the preparation of the tax schedule.

Definite adherence to this program would have meant sound war financing. But at an early stage the straight hard road of taxation and funding was left for the treacherous ease of “finance by bank credits.” Thereafter our war financing had primary regard for fiscal convenience and business advantage to the neglect of general well-being. To supply the exchequer readily and painlessly with ample funds, bank credit was utilized in the form of certificate borrowing—with the consequences of deposit and note inflation, rising prices and social injustice.²¹

A careful student of “the political economy of war” has pointed out that “finance by bank credits”—“inherently bad” and to be restricted “within the narrowest possible limits,” though it be—is likely to be resorted to even by strong governments at war, because of “the fear of popular resentment against high taxation in an overt form” and “the fear that an offer of very high interest upon loans might make upon neutrals an impression of financial weakness.”²²

²¹Cf. the present writer’s “Inflation” in *The Annals* (Phila.), May 1920.

²²Pigou, *The Political Economy of War* (1921), pp. 110-1.

Neither of these factors was present in our experience to a degree sufficient to justify resort to bank credit financing. The possible attitude of neutrals did not even figure; while public disposition towards increased tax burdens was grim acceptance, tintured with nothing worse than that degree of grumbling which in matters of taxation is the mark of a decent self-respect. In so far as our necessary resort to inflation financing can be explained at all, it is traceable to that "borrow cheap" policy, born of false analogy, fiscal absolutism and neglect of expert opinion, which in the Civil War lashed us with fiat currency, and in this war scourged us with fiat credit.

The amazing feature of this process is the completeness with which it remained unavowed by its sponsors and undiscerned by the public. The certificate of indebtedness which in the seven weeks interval between the Revenue act of March 3, and the First Liberty Loan act of April 24, 1917, passed from its traditional rôle as a short-time investment obligation issued in anticipation of the proceeds of a funded loan designed to meet extraordinary expenditure, to an habitual device for the extension of bank credit in the form of government deposits by subscribing financial institutions, continued to be officially described as a mere convenient mode of avoiding monetary strain, with never an intimation of wider significance.³²

The device of permissive "payment by credit," worked out we are told,³⁴ in connection with the First Liberty Loan at a Sunday conference in May, 1917, between representatives of the Treasury, of the Federal Reserve Board and of the New York Liberty Loan Committee, was extended to certificate borrowing as a whole, with consequences of the utmost gravity, almost by administrative tolerance.

There was no intimation that in essence a new borrowing policy had been inaugurated, with neither specific authorization nor general comprehension; that the certificate of indebtedness had been transformed into the British Treasury Bill on Ways and Means Advance, unknown and untried in our experience, and that by its lavish use we were heading straight for the evils which the Cunliffe Commission a year before had explored and made public, as brilliantly as its great predecessor the Bullion Committee had done a century earlier as to a related problem.³⁵

³²Cf. the present writer's *War Borrowing* (1919), ch. II.

³⁴R. C. Leffingwell in "Proceedings of Academy of Political Science" (New York), June, 1920, p. 29.

³⁵Mr. Paul M. Warburg, formerly a member of the Federal Reserve Board, in an interesting paper on "Inflation as a World Problem" (*Proceedings of Academy of Political Science*, New York, June, 1920, p. 117) has dissented from contentions similar to the above, expressed by me in another connection (*ibid.*, p. 62), and has expressed doubt as to whether "a certificate of indebtedness in itself, is an

An advocate of our war financing has written of such development as "tendencies of which the Treasury officials themselves were probably only dimly aware."²⁶ Ricardo, to a like plea in extenuation, reviewing the entrenched stolidity of the directors of the Bank of England during the first decade of the Restriction, made ringing answer: "I do, therefore, acquit them of being influenced by interested motives but their mistakes, if they are such, are in their effects quite as pernicious to the community."²⁷

4. Beginning with the flotation of war loans at an artificially low rate, the Treasury was driven to support the "borrow cheap" policy both as to the bond buying and certificate issue by insuring a low preferential discount rate at the federal reserve banks. Made possible by political domination of an essentially non-political institution, this misuse of the federal reserve system as the handmaiden of the Treasury was attended with severe penalties.

There was injected into the exchange mechanism of the country a great body of deposit and note currency entirely unrelated to commercial needs and serving fiscal rather than monetary purposes. With inflation came gross depreciation in the monetary standard and distress-causing rise in living costs. Higher prices of materials and services added to the cost of war and weighted its overhang. Excessive gains were reaped, unrelated to valid enterprise. Undeserved losses were suffered by the depreciation of public loans. Worst of all, cheapened credit stimulated extensive speculation, with still further rise in prices and capital shortage.²⁸

instrument of inflation and the funded debt is not." As practical a financier as Mr. Warburg must however recognize that the question in issue is not as to hypothetical possibility but as to the positive occurrence. That certificate borrowing at an artificially low rate "by credit," and therefore of necessity from the banks, was responsible, during the war and more particularly after the armistice, for a vastly greater degree of inflation than would have attended funding operations, at rates dictated by the market valuation of capital and in forms designed for investment absorption—is, I fear, a conclusion which the inquiries of the Cunliffe Commission, the penetrating analyses of Professor Pigou, and a mass of evidence in England and the United States, remove from further controversy.

As to Mr. Warburg's statements that our borrowing machinery was "the best that could have been devised" and that "no other way was open to pay for the war"—valuable as are such opinions coming from one "right in the midst of it"—I can only anticipate the views developed below, that scientific verity and not assumed expediency is the ultimate standard by which fiscal policy even in war-time, must be appraised.

²⁶E. L. Bogart, in *Political Science Quarterly*, March, 1920, p. 160.

²⁷*Works* (ed. McCulloch), p. 288.

²⁸Cf. the present writer's "Fiat Credit and High Prices" in *New York Times*, October 28, 1919; also "Federal Reserve Notes and High Prices" in *Magazine of Wall Street*, January, 1920.

The Federal Reserve Board, shorn of its essential power to control expansion at a critical stage, thus became an impotent witness to an orgy of credit and currency inflation, which the belated resort to higher discount rates—literally compelled by the imminence of a threatened gold standard—was able to correct only through the wastes and losses of an imperative deflation.

Free supply of bank credit in connection with our borrowing in the period of belligerency may perhaps be explained—though not justified—by the exigencies of war. But not even this plea is admissible to the resumption of such policies after the Armistice and the continued maintenance of artificially low discount rates. Designed originally to facilitate the anticipation of war loans and taxes, the preferential discount rate operated during the war as an instrumentality for “financing by bank credit.” After the war, it degenerated into a device for salvaging the “borrow cheap” entanglement and for masking the existence and staving off the maturity of a huge floating debt.

The procedure of credit issues to balance current budgets, so violently reprobated in the case of European states, continued in essence our practice during the post-Armistice months. Instead of using both fiat currency and fiat credit we restricted ourselves to the more insidious form. The demoralizing effect of the two methods upon the social structure has differed only in degree.

III

In the security of retrospect it is tempting to indulge in counsel of perfection. The din has quieted, the fever subsided and practices for which precedent was lacking and occasion was imperative are likely to be estimated in the wisdom of hindsight. John Bright declared of his opponents: “They always have been wrong; they always will be wrong and when they cease to be wrong they will cease to be the Tory party.”³⁹ It is right to guard against this—to forego outright stricture and to temper absolute valuation by relative allowance. But withal there must be just weight and measure. It would be reckless to assert that the intricate problems of our war economy would have been fully served or properly solved by the scientist in responsible control. The economist will not wish to be charged with Canning’s criticism of Lord Sidmouth: “Carrying into politics the indefinable air of a physician inspecting the tongue of the state.”⁴⁰ There is always the rare statesman like Peel who “in three cases out of four knew a thing just in time, after it was known to the philosophers, before it was

³⁹Alington, *Twenty Years* (1921), p. 22.

⁴⁰*Ibid.*, p. 32.

known to the empirics.”⁴ But it remains certain that the economist’s grasp of the immediate subject-matter, his acquaintance with comparable experience, his mental habit in social valuation give him distinctive equipment for the formative service which was denied him.

Divested of the opportunity to shape economic policies—partly through his own inertia, partly through political neglect—the rôle of the political economist becomes that of a constructive critic. Resolute against the negative quibbling of the embittered faultfinder, watchful against the soporific emanations of the throne—his mission must be fearless, unequivocal assertion of the verities of his science, as against the prejudice of the moment, the pressure of class interest, or the quietism of office.

He must seek, increasingly, to lay bare the mistakes that have been made and impute them to the proper source, whether of practices or of persons—this in no vindictive sense but in order that there may be a strict assignment of responsibility, to the end of abandoning unsound practices, of devising appropriate remedial measures and of avoiding like pitfalls in the future.

The finest traditions of his past enjoin this: It is the call of Adam Smith, inveighing in behalf of freedom of trade against “the clamorous importunity of partial interests.” It is the summons of Malthus denouncing the poor laws of England as a set “of grating, inconvenient and tyrannical laws.” It is the insistence of Ricardo, protesting against the misuse of the sinking fund. It is the acridity of John Stuart Mill, in condemnation of the inflationist proposals of the Birmingham currency school.

In this sense, the restraint of the American economist in the war period is not exhilarating: a record of substantial practical service in many directions, rendered with fidelity, devotion and efficiency, but service essentially contributory and acquiescent. Of that resolute intractability against scientific error, uncompromising and outspoken, which must distinguish the economist as sentinel and critic—there is in the period of actual belligerency little evidence.

This involves no charge of intellectual cowardice.⁵ In the cynicism of world collapse, George Brandes has lately revived an epigram imputed to Frederick the Great: “I begin by taking. Then I always find men of science to prove the justice of my claim.” The possibility is peculiar neither to time nor place. There is danger of scholarship becoming official in a democracy no less than in an absolutism. Public passion cracks as sharp a whip as any despot, and the applause of the

⁴*Ibid.*, p. 194.

⁵Cf. the present writer’s “Do Government Loans Cause Inflation?” in *Annals* (Philadelphia), January, 1918.

market-place is as grave a menace to independent thought as the favor of the throne.

Of these things the American economist stands absolved. Less clear is the extent to which he held resolute for scientific verity as against practical compromise. "The function of science is to expose the naked facts," a recent scholar has declared. "It is for politicians to decide how to resist developments which are judged to be economically undesirable."¹⁴ In the economics of war, governmental policy is beset by two opposed forces. On the one hand is opportunism and practicability: opportunism in using the stress of war need to accomplish ends in doubt; practicability in meeting the war strain with least trouble and resistance. On the other hand is scientific proof and economic law, rugged and dure, straight and narrow, serving the public need with measures conceived solely with respect to the social calculus, and hewing to this line even with struggle in making and difficulty in carrying out.

Something of our opportunity here was surrendered by prematurity of pronouncement; something was frittered away by indulgence in insecure dicta. In the main, however, it is true that the war-time reserve of the economist proceeded from that ready assent to the policy and practices of authority which, in time of great national peril, is the instinct of democracy. At a time when "public opinion could largely be disregarded because public assent could be assumed," the economist as alert scientist was submerged in the economist as docile citizen.

For the post-Armistice period there is a different story to tell. The war won, the economist regained his poise. Realizing that the doctrine of practical necessity can do yeoman service in defense of unsound war-time policies, but that it may not be as securely invoked in the calmer years that follow; supplied with data before lacking or inaccessible—he became vigilant and articulate.

Analysis established the clear fact that the United States had financed the war and its aftermath largely by reliance upon bank credit. Inflation, theretofore "a high-brow fancy of the professors"—to be tolerantly ignored by the public, to be summarily dismissed by men of affairs, and to be held forth bogey-fashion as a warning against non-adoption of official policies—was exposed as an avoidable evil of our post-war economy, contributing to high prices, business profiteering, speculative excesses and social disquiet. The Federal Reserve Board's belated recourse to higher discount rates in correction of an overextended credit structure was indicted. The naive assumption of industrial underproduction—dearly beloved of financial column writers

¹⁴M. Elsas, in *Economic Journal*, September, 1921, p. 333.

—was cut off in its prime by definitive statistical exhibit. The obscurities of the Pittman Silver Purchase act were illumined and the consequences, actual and prospective, of that remarkable measure exposed. The importance of prompt return to normal distributive methods and ordinary price mechanism was emphasized—in face of strong resistance. The penalties of emotionalism in governmental labor policies were made clear, and, at the same time, bar put to the exploitation of trade depression in behalf of anti-unionism. Emphatic as to the error of retaining blunderbuss war taxes in a peace-time economy, there was insistence that the ideals of fiscal justice—confused by the shrill chorus of the market place, even shaken by uncertain tones from our own spokesmen—must determine the nation's revenue system.

In short, the economist has filed formal caveat against recourse to the argument of assumed expediency and momentary opportunism in defense of war policies which are theoretically vulnerable. He has insisted that expediency is a subjective and relative term, which one man regards as such and another will deny, and that as soon as we leave the safe moorings of that which is scientifically sound—we are adrift. He recalls that Secretary Chase doubtless deemed the green-back unsound “in theory,” but justified it as a practical expedient. So too Mr. Bryan's silver proposals and a hundred dangerous ventures with which we have from time to time been tempted. His position is, in a word, that for an administrator to engage in a theoretically unsound practice and to defend it on the score of practical necessity reduces the matter to a rigid calculus, as to which—until the final outcome—official opinion is worth as much, but only as much, as that emanating from any other equally competent quarter.

IV

The economist's task is far from done; but it enters upon a new phase. In the political economy of war, as of peace, time holds the bank. Whatever the lapse, in the end truth comes into its own. Too late to change the outcome, all the more is the true prophet acclaimed. The clear errors, even the hard reactions of mistaken war and post-war policies have begun to appear. Much more, perhaps, awaits. With the disclosure must come—unless all signs fail—a wider interest in economic study, a tremendous gain in the scientist's repute. The prophet as seer may be without honor; but not the prophet as victor. The market place, smarting in its hurt, is quick to magnify the virtue of him whose neglected counsel, it comes to appear, might have softened, perhaps warded off, the blow.

More than once, economic experience has developed the inconvenient

habit of exalting the horn of "the professors," and of vindicating scientific opinion as against economic opportunism. But this time the issues have been larger, the alternatives sharper, the penalties costlier. It will be surprising if the rebound is not greater.

Political economy reached its heyday in the decade following the Napoleonic struggle. It did so because great economic and social problems—the dislocation of world upheaval—pressed imperatively for settlement upon a world disillusioned by bitter experience as to the wisdom of its practical men, and expectant in the light of justified forecast as to the reasoning of its economic thinkers. Public opinion became sensible as never before that the principle of general causation figured in the business of getting a living; that times were bad not merely by chance; that high prices, falling exchanges, agricultural distress, industrial unemployment, burdensome taxes, resulted from the pursuit or from the neglect of positive policies; that a group of inoffensive tractarians, then barely beginning to call themselves "political economists," had given specialized study to such matters and had time and again sounded warning note, and that therefore it might be a prudent thing to learn what this was about and to pay some greater regard to the spokesmen.

So, too, in the later aftermath of another cataclysm the world stands, irresolute and hesitant perhaps, but none the less receptive for economic counsel. The public mind is in scapegoat-making mood—and the empiricist is its sin-offering. As false priests are expelled from the temple, new ones will be installed. Tested as acolyte, the economist awaits induction.

V

Uninfluential in formative policy, uncompromising as scientific protestant, vindicated by outright event, to be acclaimed as guide and prophet—the spiral holds. One final phase remains—relapse into formalism. Will the parallelism obtain even here? Shall we be witnesses to, even participants in, another classical political economy—with all the excesses that the term implies?

The answer turns upon the degree to which conscious purpose will deflect the normal trend. If the economist, heady with larger place, foregoes his birthright—the horoscope is cast. Larger practical influence, wider popular interest, artificial rigidity of utterance, relapse into paradox-like dicta, proneness to definite forecast, intentness upon doctrinal vindication, dullness to new evidence—these, as a century before, will be the stages in his undoing. From class advocacy in its

vulgar sense he will be saved; from the more subtle contagion of post-war reaction he will not be immune.

But this need not be so. If the economist, tutored by his past, maintain his full scientific stature, toiling laboriously in the assembly of data, formulating trial hypotheses with caution, abstaining religiously from armchair theorizing, subjecting tentative uniformities to rigid verification, fearless in the knowledge that is power—he will preserve his scientific vantage with widening range and profounder impress. By the sheer virtue of his scholarship, will he prevail upon affairs.

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THE STATE OF OUR NATIONAL FINANCES¹

In considering the state of our finances, we must be continually mindful of the interaction between fiscal and financial affairs, that is, between public and private finance. The relation is reciprocal. Obviously, governmental finance is always profoundly affected by the general economic situation. Oscillations of the economic pendulum from good to bad times, from prosperity to adversity, inevitably exert an influence upon public revenues and budgetary conditions. Government revenues must always stand in a certain relation to the social income, and any expansion or curtailment of the latter is at once reflected in corresponding fluctuations of the former. There is also an intimate relation in the opposite sense. Just as economic theory, while at bottom an expression of the facts of the economic environment, often succeeds in setting in motion a train of thought which molds the attitude of men to economic phenomena and thus helps in a certain measure to alter them, so the fiscal activity of government may make or mar the canvas upon which the economic activity of the people puts the pigments and the broad touches of business life. While, then, we are to address ourselves primarily to the public phase of the subject, this mutual interrelation justifies dwelling, for a moment at least, upon the private phase.

In adverting, by way of introduction, to this aspect of the problem, we are struck by two commanding facts. The one is that we are living through a period of deflation, the other is our credit situation. A word as to each of these. One of the most hopeful signs on the horizon is the growing recognition by the community at large of the existence, so long familiar to the student, of the business cycle; of these alternate periods of vivid anticipations and shattered hopes that we associate with the crest and the trough of the billowy ocean of economic life. Whatever be the explanation of high wages and exaggerated profits as contrasted with the prevalent unemployment and business losses—whether or not we are to agree with Jevons of a former generation and with my valued colleague, Henry L. Moore, at present, in seeking the reason proximately in variations of agricultural production or more fundamentally in meteorological and astronomical facts—it remains none the less true that since these dynamic changes reflect themselves in social conditions, they are susceptible, within a certain measure at least, of social control. Civilization itself consists of the successful endeavor to enchain the forces of nature: within broad, even though obvious, limits progress results from control

¹This paper was read at the Thirty-fourth Annual Meeting of the American Economic Association held in Pittsburgh, December 28, 1921.

and intelligent guidance of natural forces. The most encouraging aspect of the President's Conference on Unemployment was a recognition of the fact that there is here a problem worthy of study and susceptible of possible solution in the future.

The gravity of our present economic situation is, however, accentuated by the fact that in addition to the cyclical movement we are living in the aftermath of the most gigantic world conflict ever known. To put a familiar situation in economic terms, we may say that the recent conflict marks for the first time in history the application to war conditions of a situation hitherto familiar only in peace. The factory system, as a result of the industrial revolution, has for some decades dominated normal economic life: now for the first time the factory system has become a characteristic of the abnormal condition that we call war. The consequence has been that instead of the militia or mercenaries of former days, the entire nation has been drawn into the operations of war, either at the front or behind the lines at home. In the second place, the substitution of the unproductive consumption of war for the normal surplus of productive consumption in peace has proceeded at such a terrific pace as to trench seriously upon the social capital and the social income—to such an extent, even, as almost to imperil the structure of civilization. Putting it in financial terms, it has meant such an inflation and such a prodigious rise in the price level, with the familiar concomitants of irredeemable or inconvertible paper money, as even to transcend the ravages of the continental currency in the American Revolution and the effects of the assignats in France.

The evils of such a situation have been recently depicted in a passage which I venture to quote:

The prosperity, we have said, is illusory. With the rapid rise of prices, those who have no commodities to dispose of suffer severely. The creditor is in an unhappy position and the recipients of fixed incomes are compelled to resort to all manner of unworthy expedients in order to make both ends meet. The continual fluctuations of price introduce an uncertainty in business which is only temporarily masked by the advance. The opportunities of a sellers' market irresistibly lead to profiteering and its attendant evils. The sudden increase of the paper income produces private extravagance and public prodigality. The exaggerated rise of wages, coupled with the unceasing demand for labor, engenders a demoralization which soon returns to plague the industry. The habits of thrift, painfully built up during a lifetime, are abruptly discarded. The kaleidoscopic mutations of paper fortunes, amassed almost over night, beget a spirit of speculation and of speculation. The feverish activity of the market destroys the habits of orderliness and sobriety, and the brilliant prospects of suddenly acquired wealth create in the public a delirium of improvidence and the sense of living in a veritable golden age.

The day of reckoning, however, soon follows. When the wave rises to a crest, it breaks with an overwhelming force; when the fever subsides, the resulting weakness is intense. As the paper finally loses its value, fortunes are now suddenly wiped out, and many of the supposedly wealthy find themselves beggared. With the collapse of demand, unsalable stocks deplete the business inventory and failures are the order of the day. Those who have habituated themselves to an extravagant mode of life are faced with the grim necessity of immediate retrenchment. The laborer resists to the uttermost any lowering of his wages, however necessary it may be to the reestablishment of the new equilibrium. The government finds itself embarrassed by the drying up of the sources of its revenue. The prudent and the patriotic, who have undergone sacrifices in order to invest in government paper, suffer for their patriotism. The splendors of the former prospects are now seen to have been only a mirage. The golden age of inflation turns out to have been after all nothing but a gilt-paper age.²

That we have been in a measure exempt from these deplorable consequences is due in part to the fact that we were so late in joining the fray. Toward the end of the conflict, however, our expenditures were so much greater than those of any other belligerent that even a short continuance of the war would have brought us, like our Allies, to the very brink of ruin.

The second favorable factor in the situation consists of the conditions of credit to which reference has been made above. When the economic history of the Great War comes to be written, it will be realized that we were saved primarily by two fortuitous occurrences. The one was the passage of the sixteenth amendment without which we should have been unable adequately to tap the abundant streams of social income. The second was the enactment of the Federal Reserve law which enabled us to utilize new and most elastic possibilities of a gigantic expansion of credit with only a moderate degree of inflation and without recourse, as in every other country, to what was virtually fiat money. Our escape is due in large measure to the farsightedness of Mr. Paul M. Warburg, whose brain first conceived, and whose untiring efforts helped to achieve, the system upon which our modern credit life rests. To the student of financial science, the name of Warburg will be linked with that of Lord Overstone in the annals of banking reform.

But while so much was accomplished during the war by the existence of a combined or united reserve, the recent experience of both inflation and deflation discloses the desirability of a second reform in our system, almost as imperative as the first. Most of the attentive students of the problem have been aware of the fact that perhaps the most im-

²Edwin R. A. Seligman, *Currency Inflation and Public Debts* (New York, 1921), pp. 59-60.

portant contributing element in the upward speculative movement of a boom period is not alone the assistance, but the additional impulse, coming from the banks. While no one can read the illuminating testimony of Governor Strong of the Federal Reserve Bank of New York, before the recent Joint Commission of Agricultural Inquiry, without realizing the remarkable accomplishments of that particular institution, it remains none the less true that under actual conditions our banks as a whole often expand credit when they ought to restrict, and restrict credit when they ought to expand. The reason for this credit inflation when nearing the crest of a boom period is to be sought largely in a continuance of the competitive conditions among our thirty thousand American banks. What we need more than anything else in this country at present is a campaign of education designed to familiarize the public with the desirability of branch banking, whereby the multiplicity of competitive institutions may be converted into a chain of coöperative banks working together rather than at cross-purposes, and affording the business community equal facilities in normal times and a greater protection in abnormal times. Despite the deep-seated feeling of opposition to branch banking which is still mistakenly entertained by our local financiers, I venture to affirm that the substitution of coöperation for exaggerated competition in credit is second in importance only to the substitution of united for scattered reserves that has been brought about by the federal reserve system.

II

In considering the present situation of our public finances, we cannot avert a glance from the immediate past. While the war finance policy of the United States has naturally engendered not a little criticism, and has in turn evoked a defense on the part of our former government officials, it may be said that on the whole we passed through those trying years with a minimum of avoidable discomfort and with a record of official intelligence and foresight which is in marked contrast to the ineptitude of the programs of our previous war periods, such as the War of 1812 and the Civil War. There are only two points—albeit important ones—in which serious errors were committed; and we can defend ourselves against the charge of hindsight, rather than foresight, because in both these respects we had the privilege of warning the Secretary of the Treasury and the Senate Finance Committee at the time.

The first point was the refusal of the government to listen to any suggestion to pay the market rate of interest on the government loans, as was done abroad. The natural result was not only to affix to the

loans the character, in part at least, of a compulsory contribution, but—what is much more serious—to depend so largely upon the banks, as well as upon the issue of the temporary loan certificates, as seriously to accentuate the evils of inflation. The second point was to rely to such an exaggerated extent upon taxes on wealth rather than in part upon taxes on consumption, as to incur two evils. One of these was the failure to bring about an adequate restriction of social consumption—a failure which, had the war continued, would have inevitably meant the adoption of the rationing system. The other error, of a double character, was in connection with the income and profits taxes. In the income tax there was fastened upon us the policy of tax exemption which is returning to plague us at present. And, on the other hand, the excess-profits tax, however defensible in principle as a method of tapping war gains, was so arranged as not only to create the greatest inequalities at the very beginning, but to prove an unendurable burden as soon as the war was over. These points were fully explained in the report of the war finance committee of this Association, of which I had the honor to be chairman; and they had already been intimated, long before that report, to the responsible authors of our war finance policy. Our skirts, at least, are clear.

What we are concerned with, however, is not so much the past as the present and the future. From this point of view, let us consider first the expenditure side of our balance sheet, present and prospective, and then the revenue side. The first point on the expenditure side is the evident necessity of cutting down the total outlay of the government. When expenditures rise from a pre-war level of about one billion to a post-war level of over four billions, the need of retrenchment, even after making allowance for the change in the value of money, is self-evident. Two plans have indeed recently been suggested which will in some degree remedy the situation: the one is the proposed reduction in our naval armament, the other is the adoption of the new budgetary system. But even these are by no means adequate; they must be followed by other measures which will secure economy without sacrificing efficiency.

Of these problems, the most immediate, and by no means the least unimportant, is the debt problem. Here we are faced with the huge item of well over one and a quarter billion dollars for the annual contribution to interest charges and amortization. As to the interest charges, there can of course be no question. But the plan of a compulsory sinking fund, of such a magnitude as that upon which we have entered, is of more doubtful expediency. It goes without saying that the payment of a debt is on general principles highly desirable; and it is also true that the best time to start the payment of a war debt is during the

period of comparatively high prices, when the final deflation has not yet occurred. Where the public debts, however, aggregate such gigantic figures as at present, the ultimate question is always as to the comparative effects of the pressure of taxation required to meet these payments. Where, as at present, the burdens of an excessive war taxation are still so serious as to impair the replenishment and the increase of the social capital, the question arises whether it would not be desirable to introduce more elasticity into the process of debt payment. It is familiar that the compulsory sinking fund instituted in the Civil War was soon disregarded by the authorities and that the reduction of the debt proceeded on different principles, comparatively small amounts being paid while the pressure of taxation was great and correspondingly larger amounts—far more than was required by the compulsory sinking fund provision—when, despite the lighter pressure of taxation, the revenue became more abundant. In other words, a sound debt-payment policy will compare the advantages of a rapid diminution of the debt burden with the corresponding advantages of a rapid decrease of the tax burden, and with the possibility of adjusting the tax system to fundamental principles. We may indeed not be compelled to resort to the shifts to which Great Britain finds herself reduced this year—that of borrowing money in order to keep up the sinking fund—for there is scarcely anything more absurd than that; but we may see ourselves exposed to the hazard of retaining undesirable forms or rates of taxation in order to carry out the provisions of a law which ought not to have been put in so rigid a form. A successful debt-payment program should possess the quality of elasticity, rather than rigidity.

The second problem of immediate importance is that of the Allied indebtedness. Perhaps in no part of the entire subject is there more need of clear thinking and of public enlightenment. This is true on both the ethical and the economic phases of the subject. I have little patience with those—undoubtedly still a majority in this country—who consider it a just debt. For, after all, what is the real situation?

There is indeed much to be said for the plan followed, both by Great Britain and by ourselves, in putting our assistance to the Allies in the form of loans rather than of gratuities. For the plan of making free gifts to the Allies, permitting them to spend the funds as they liked, would have involved a serious risk of extravagance and waste, as exemplified in the scandals of the Russo-Japanese War. A loan, on the other hand, would not only permit of more control on the part of the lender, but would superinduce more care on the part of the borrower. We are always more careful in spending our own money than

that of some one else. The policy of loans rather than gifts undoubtedly contributed to a more effective prosecution of the war.

Much the same may be said of the second element in the inter-Allied financial policy of the war—the principle, namely, that each nation should be charged with the expenses incurred in behalf of its own citizens, no matter when or where incurred. In virtue of this principle, we paid Great Britain for the transport of our troops and reimbursed France for the cost of the 75's which were so desperately needed by our troops. Any other plan would have led to confusion, to prodigality, and to interminable disputes. Only by making each nation responsible for the cost of its own forces could we have hoped to secure even a measurable degree of economy.

It can, however, not be too strongly emphasized that these were matters of expediency, calculated to achieve the greatest efficiency in the conduct of the war. From the point of view of justice, they cannot be defended for a moment. It is, in fact, exceedingly doubtful whether it was ever expected at the time that the loans would be repaid. At all events, this is true of the loans made by Great Britain to her Allies. If the war was a joint enterprise, carried on for a common purpose, there is as little reason to separate the financial contribution as the human contribution. When we finally put our army under the orders of Foch, we fused our efforts with those of our Allies and gave an indelible stamp to our common efforts. If we are to charge France and Italy for the wheat that kept their forces alive, for the uniforms that kept their soldiers warm, we might as well charge them so much per man of the American army. Do we desire to put ourselves on the level of the Hessian rulers who supplied Great Britain with the mercenaries during our Revolution?

What actually happened was that the Allies furnished a huge armed force which only with difficulty withstood the onset of the enemy. In this huge force the human element was represented primarily by France and Italy; the materials were furnished largely by Great Britain; and the food was contributed chiefly by the United States. All three elements were indispensable to the winning of the war; the absence of any of them would have spelled disaster. The mere fact that our chief contribution was rendered in the shape of book credits must not be permitted to obscure the facts. As Mr. Trauton says in the article designed to show the impolicy of the attempt on the part of Great Britain to collect the debts owing to it by the Allies:³ "Now that the conflict is over, one section of the group should not attempt to transfer part of the burden of the war already borne by it to another section which has already borne a greater burden. Those sections which

³*The Economic Journal*, March, 1921, p. 43.

have suffered least from the devastation and the loss of life entailed by the war should, if anything, bear a correspondingly greater proportion of the financial burden than that borne by those crippled by the loss of many lives. Yet, should payment of inter-Allied debts be exacted, the very reverse would be the case."

And, as he says in another passage: "It would be almost impossible to elaborate a scheme which would distribute the burden of the war equitably among the Allies. But undoubtedly the most unjust way imaginable would be for the present creditors to extort payment of their debts from the present debtors."

To this consideration, which applies to Great Britain as well as to ourselves—for Great Britain loaned to the Allies about as much as she borrowed from us—there is a further consideration which is peculiar to the United States.

It is true that we entered the contest with clean hands and with clean hearts: we poured out lavishly our treasures and the lives of our soldiers; we had nothing material to gain from victory; and we sedulously refrained from even advancing any claim to a division of the spoils. So far, so good. But consider the other side for a moment. How are we to explain the almost simultaneous appearance of war-profits taxes in every country if not on the ground of conviction that it is illicit for an individual to make profits out of the blood and misery of his fellow countrymen in so fearful a crisis. But if it is indefensible for a private individual to retain all, or even a large part of, such profits, why is not the same rule applicable to a nation? What moral right have we to retain the profits that have been gained indeed, but not really earned, in such a warfare?

The revolution which converted us from a debtor to a creditor nation, and which made us at a blow the economic arbiter of the world, is due to the fact that for two and one half years we made these enormous profits. Had we been in the war from the beginning, we also should now have been hovering on the brink of bankruptcy: instead of being able to count the ten billions as assets, our government would probably have been in a position of owing ten times ten billions, as our share of the cost of the war.

And now, after having escaped all these dangers, after having made untold billions of profits out of the contest, after having emerged as the real beneficiary of the war, we have the hardihood to say that our relatively insignificant cash contribution, all of which, incidentally, was expended in this country and went to enrich our people, constitutes a debt which we have the moral right to exact from those who fought by our side and who suffered for the common cause—that is, for our cause—sacrifices incalculably greater than our own!

No—even Mr. Vanderlip is wrong: the Allied debt is not a just debt, if we interpret justice in the only legitimate sense of the term. We advanced the money, indeed, in the form of loan, and legally our position is impregnable. What we actually did, however, was to defray our share of a common burden which, if it were to be adjusted on a truly equitable basis, would make us not the creditor but the debtor of the Allied group. To insist now on our pound of flesh is to take the part of a Shylock, not of a high-minded partner in a joint and common enterprise. The Allied debt is not a just debt; and the sooner that this is realized by our people, wearied by the bickerings of the European nations and still confused by the acerbities of the recent presidential campaign, the better for all concerned.

Even, however, if the Allied debt were a just debt, the economic consequences of insisting upon the payment would be disastrous, not alone to our Allies, but more especially to us. For how can the debt, or the interest on the debt, be paid? Even if the Europeans had the gold with which to discharge the debt, the only result of an influx of coin would be to start us again on that period of currency and credit inflation which would soon create its own nemesis in a gigantic disaster. If the debts cannot be paid in gold, they will have to be paid in goods. How absurd, however, in a period when we are straining every nerve again to set the wheels of industry revolving, to create a situation which will destroy our foreign market, whether for raw materials or for finished products! In a normal situation, imports are paid for by exports and trade is mutually profitable. But where goods are imported as a payment for some past indebtedness, they do not and cannot create any demand for exports in return.

Let us take a leaf out of the experience of Great Britain. The British government thought that it was acting shrewdly in compelling Germany two or three years ago to hand over virtually its entire mercantile marine. This immense increase of tonnage, however, had two unexpected results: freight rates fell so abruptly as to convert the profits of the shipping companies into great losses, as well as to bring the shipbuilding industry to a standstill, with consequent unemployment on a huge scale. Analogous results ensued when France insisted upon the coal payment in kind from Germany. In proportion as the surplus of coal was sold by France to Italy and other countries, it destroyed the British market to such an extent as to produce the coal strike and the prodigious losses which ensued.

Let us look the facts squarely in the face. The Allied indebtedness is primarily that of France, of Italy, and of the other countries that are in an even more parlous condition. For while Great Britain owes us almost a half of the debt, that amount is more than covered by the

sums owing to Great Britain from France, Italy and the other Allies. A general remission of war indebtedness, therefore, will not particularly help Great Britain, except to the extent that a doubtful asset is wiped out to counterbalance a very certain liability.

Whether it may be desirable to accept Mr. Vanderlip's solution and to induce the foreign countries to devote their indebtedness to productive purposes, is a question. For where these countries continue to remain in the slough of despond, there is not much use in asking them to devote to such purposes sums which are not in existence. Let us not try to sugarcoat the pill; let us recognize frankly and spread it broadcast, that for us to insist on the payment of the debt, at all events in any immediate future, is to cast a boomerang which will injure us far more than our debtors. Let us inaugurate a campaign of education to explain to the American people what is the real economic situation. You cannot increase trade by impoverishing your customers; you cannot increase production by destroying your outlets.

It may indeed not be the part of wisdom to cancel the existing indebtedness. It may be more statesmanlike to let the debts remain on the books, and in due time to affix certain conditions to their remission. It may even be desirable to ask our debtors to consent to a certain *quid pro quo* of a political, an economic, or a cultural nature. It would not be difficult to make a catalogue of such possible compensations: free scholarships for American students abroad, free scholarships for foreign students here, a revision of the terms of reparation, a political readjustment in the interests of international amity and good-feeling. But whether we attach conditions to a remission of the debt or simply cancel it outright, let us not commit the folly of cutting off our nose to spite our face. Let us frankly recognize the fact that to insist upon the immediate or even the speedy payment of the debt will constitute an economic blunder of the first magnitude, the unfortunate results of which will be felt in every town and hamlet, in every business and occupation, in every class and rank of our people. Even if the American people prove obdurate to the ethical implications of the problem, let them not blind their eyes to the economic aspect.

III

When we come now to the revenue side of the problem, we find ourselves in the difficult situation of tax readjustment which always follows war. The situation is peculiarly difficult because of the need of a greatly increased permanent revenue. We have become keenly conscious of the pressure of taxation and the controversy has now assumed

the form of contrasting the social and economic effects of taxation with the principle of individual faculty or ability to pay. The old discussion as to the relative merits of direct and indirect taxes has been replaced by the newer debate as to the merits of taxes on wealth compared with taxes on consumption, of taxes on savings compared with taxes on spendings, of taxes on earnings or income as compared with taxes on sales or transactions.

As to this controversy, which must be settled before our fiscal system assumes its permanent form, it may be said that recent years have afforded us considerable enlightenment as to the unintended effects of taxation. Our excess-profits tax had at least three unfortunate results: it was repressive, in that it rendered unavailable large sums which would otherwise have gone towards strengthening and expanding the business; it led to extravagant and wasteful expenditure in the shape of undue advertising, lavish repairs, and over-generous salaries; it engendered more or less unsound changes in business practice by putting a premium on overcapitalization. The analogous British tax led not only to the direct reduction of output, as when the owners of the rubber plantations postponed the tapping of their trees, but it produced an unhealthy traffic in near-bankrupt concerns which had been fairly prosperous before the war because, when several concerns combined, the pre-war records of both together formed the standards which served as the basis of the tax. Our exaggerated surtax rates on incomes undoubtedly operated somewhat to check investment in new enterprises, although if the truth be told it was not so much the high rate as the tax-exemption feature which contributed to this result.

What is often forgotten, however, is that excessive taxes on wealth and industry, while producing their repressive effect on enterprise, indirectly but none the less surely react upon the wider classes of the community whose prosperity is more or less intimately bound up with business activity. An exaggerated tax on industry and commerce which accentuates, even if it does not create, business lethargy and inactivity and which helps to prevent full employment and higher wages, may be as disastrous for the workman as an indirect tax on his expenditure or a direct tax on his wages. There is much reason to believe that our post-war system of taxation has exerted a very perceptible effect on business enterprise and has helped to intensify the prevalent depression, with its aftermath of unemployment and suffering.

But while there is this undoubted danger in exaggerated taxes on wealth, we must not forget that there are equally great, if not greater, dangers in the natural reaction of the business community which seeks to make consumption or expenditure the criterion of tax liability.

Expenditure is an unsatisfactory criterion of taxable capacity. The danger here consists in the neglect of the modern principle of faculty or ability to pay. In the first place, even assuming that all individuals consume the same relative proportion of what they produce, a tax on consumption does not lend itself to a realization of the democratic demand for graduated taxation, unless indeed the tax be limited to an impost on purely luxurious expenditures. Secondly, while some individuals must consume all that they produce, others, under our present economic system, spend only a small part of the wealth that they acquire. To the extent that expenditures deal with necessities, or even with comforts, taxes on expenditure not only prevent relatively greater burdens on the rich in keeping with their relatively greater capacity as measured by their wealth, but actually impose a relatively greater burden on the poor, thus creating an upside-down progressive system. This has been so universally recognized that every democratic movement in taxation has taken the form of an attempt to reduce taxes on general expenditure.

Finally, from the wider economic point of view, expenditure could serve as a satisfactory criterion of taxable faculty only in case it were desirable, as a general principle, to reduce consumption. In times of emergency, indeed, it may become indispensable to check consumption, in order to have all efforts converge on the purposes of the war itself. But in normal economic life the better way to secure the social surplus which forms the basis of civilization is to increase production rather than to decrease consumption. The increase in wants and in consumption furnishes the stimulus to the augmented production which spells progress.

In this contest, then, between repressive taxes on enterprise and general taxes on expenditure, a proper balance must be struck. The attempt to secure the entire, or well-nigh the entire, revenue from wealth, as we came very near doing during the war, engenders not only grave administrative difficulties but the hazard of a general retardation of economic progress. The endeavor, on the other hand, to lighten the burden of wealth to a degree that it will be actually less, or at all events no greater, than the burden on consumption, will create still more objectionable results. What is far more deplorable, it will breed in great sections of the community the belief that the fundamental principles of equality have been forgotten. If we need, as we undoubtedly do, some revenue from consumption or expenditure, in order to reduce an otherwise extravagant burden on wealth, let us limit the system either to imposts where non-fiscal conditions are paramount, as in the case of the customs tariff, or to taxes on a few commodities

of wide but not necessary consumption, where the administrative difficulties are at a minimum and where the risks of a more or less popular reaction are almost non-existent.

Although our taxes on wealth during the war yielded over 70 per cent, and at one time over 80 per cent, of the entire tax revenue, it became necessary to secure a large return also from a multiplicity of taxes on expenditure, including the so-called nuisance taxes. While, however, every one realizes the necessity of diminishing the excessive post-bellum taxes on wealth, the instinct of the people was undoubtedly correct in opposing the general tax on sales. For this would have unduly depressed the balance so as to impose an exaggerated burden on expenditure. A general sales tax, whether as a part of the permanent revenue system, or even as a means of swinging the contemplated soldiers' bonus, sins at once against the administrative, the economic, and ethical canons of taxation. The new revenue law, with its total anticipated reduction of over 800 millions, has divided the reduction about equally between wealth and expenditure, taking off about 260 millions in the repeal of the excess-profits tax, about 150 millions at the top and the bottom of the income tax, about 270 millions in the repeal of the transportation taxes and about 135 millions in the miscellaneous nuisance taxes. The next tax revision law ought to follow in general the same plan; for, as our needs of revenue diminish, there is still need for the abolition of certain burdensome taxes on expenditure, while at the same time making a further reduction in the taxes on wealth. When in the course of a few years the normal situation arrives, it will be time enough to limit our consumption taxes to the tariff and a few great imposts like those on tobacco, alcohol and gasoline, and to draw the rest of the needed revenue from taxes on wealth and business, which ought not then to be high enough to exert any seriously depressing influences.

While the demand for a tax on expenditure or general sales is limited in this country to some of the industrial and financial interests that seem to attach more importance to particular considerations of putative business progress than to general considerations of a wider economic and social policy, a few students have recently made an endeavor to rejuvenate the long-discarded theory of Mill as to the desirability of exempting savings. The elaborate attempt of Einaudi, a decade ago, met with very little favor at the hands of his compatriots. The more recent effort of Professor Adams, even though seconded by Congressman Mills, is still less promising. This is due largely to the inadequate analysis of the effect of taxation on savings. Since all wealth must be either spent or saved, the effect of taxes on savings might be considered the opposite of the effect of taxes on spending.

It is undoubtedly true that high war taxes on consumption may produce such an enforced economy as to liberate the surplus of increased savings for war purposes. It is difficult, however, to say how much of war economy is compulsory and how much is voluntary and due to patriotic reasons. At all events, it would be hazardous to lay down any general rule as to the normal effects of taxation on savings, because of the disparate elements in the process.

Some people save for one reason, some save for another. Where the saving is for life insurance or for a rainy day, or for the future education of children, a tax which does not exempt such sums would no doubt have an unfortunate effect. But where the saving is for the purpose of mere accumulation, everything depends upon the relative tax burden. This is contingent, however, not alone on the rate of the tax but on the amount of the income. At one end of the economic scale are those whose incomes are so scanty that almost no saving is possible; at the other end are those with such enormous incomes that they cannot well help saving. In the one case, saving is extremely difficult; in the other, largely automatic. A tax which will completely destroy saving in the first class will have practically no effect on the other. It is only when the tax becomes so great as to impair the margin between income and outgo and thus to prevent savings out of superfluity, that it will affect the capacity to save. Where the capital fund of society is replenished, as in modern times, chiefly by the surplus earnings of business, the rate of tax must be still higher before savings will be perceptibly affected. For while even a moderate tax will undoubtedly reduce business earnings, if we assume that the proceeds of the tax are also spent for productive purposes, as ought to be the case under normal conditions, the result will be a change in the form of capital rather than in the rate of accumulation. It is only when the tax is so high as to check enterprise and to retard production that the surplus will decrease and the growth of the national dividend be checked. In a more general way, the distinction may be declared to be one between productive and unproductive expenditure. In final analysis, the effect of taxation upon savings is to be judged by the possible changes in the creation or in the unproductive consumption of wealth. If taxation is not so excessive as to diminish the rate of production, it makes comparatively little difference to the wealth of the community as a whole whether savings are taxed or not; for the income of one individual is the expenditure of another.

While the general framework of our revenue system may therefore be expected to remain very much as it now exists—that is, composed in major part of taxes on wealth and in much smaller part of taxes on consumption—and while there is no need or prospect of making any

fundamental change involving a transition from the policy of taxing earnings to that of taxing spendings, there still remains a real problem in the existence of such high rates of income surtaxes as we have at present and the continuation of which in normal times it is not easy to defend. There are three ways, however, in which this problem can be attacked.

The first line of attack consists in the abolition of our unfortunate system of tax exemption. It is true, indeed, that the inequality is not so great as appears at first blush to those who overlook the question of incidence. For, so far as new purchasers are concerned, this inequality, like all similar fiscal inequalities, tends to be eliminated through the operation of the principle of capitalization. The purchaser of a tax-exempt security must, in other words, pay so much more for the security that what he gains by an exemption from the annual tax is counterbalanced by his lower rate of return on the investment. The purchaser of tax-free securities is therefore in a truer sense of the term not tax-free.

The objection to tax-exempt securities is, however, nevertheless valid. For, in the first place, this amortization of burden is never complete. Capitalization depends upon the expectation of a regularly recurring normal tax. Where the rate varies, any increase above the normal is not susceptible of amortization, so that freedom from the excess to that extent constitutes a real exemption. Furthermore, the uncertainty of the future often causes a discrepancy in the capitalization, so that the government may not gain as much from an increased price for the bonds when issued as it ultimately loses from the non-receipt of the annual tax. Again, where the tax-exempt securities consist not only of federal but of state and local securities, subject to a variety of different taxes, there is no necessary correlation between tax burden and tax amortization. Above all, the existence of graduated taxation vitiates the conclusions which are applicable only to proportional taxation. With our surtax running up to 65 per cent, it is plainly impossible to predict the rate of tax to which the owner of any particular security would be subject. The utmost that could by any possibility be capitalized would be the 8 per cent normal tax. And even this possibility is modified by the preceding considerations. So that it still remains true that the inequality due to tax exemption is not ironed out by the process of capitalization. There is accordingly ample reason to believe that the abolition of tax exemptions would conduce not only to greater equality but to a substantial increase of revenue. This would not only permit of a reduction in the income tax rate, but would remove a festering sore on our body economic.

Well-nigh a decade ago we pointed out that the supreme court

decisions on this point were based on misapprehension of the economic reasoning underlying Marshall's great decision in the *Bank* case. Although the matter has for some inscrutable reason not been presented anew to the court, some distinguished lawyers are of the opinion that if the case is ever properly presented it will be recognized that the later decisions rest upon an insecure economic foundation. Even, however, if a reversal or distinction of the earlier decision cannot be secured, the path of constitutional amendment is open and ought in consonance with the recommendation in the President's message to be pursued.

The second method of securing a desirable reduction in the income tax is connected with the taxation of corporations. I have more than once indicated that we, in common with some other countries, started out on an erroneous path in regarding corporations as purely fictitious personalities to be considered from the fiscal point of view primarily as convenient agencies for collecting the tax from the shareholders. We distinguished between the individual income tax and the corporate income tax and levied the latter at a rate roughly calculated to be an equivalent for the normal tax on individuals, permitting shareholders then, for the purpose of the normal rate, to deduct their dividends from their taxable income. In the course of time, this putative equivalence was destroyed; for as the rate of normal personal tax was reduced, the rate of corporate income tax was increased, in order to bring about an equality between corporations and partnerships as well as to compensate for a repeal of the excess-profits tax. There is therefore now not even a pretence of an equivalence between the corporate income and the individual income tax. And even if there were any such pretence, it would manifestly be impossible to secure any real equality between the two. For in order to accomplish this we should have to make an elaborate calculation based on the surtax rate, and should have to know not only how much of the corporate revenue is actually distributed in dividends—which it is possible to ascertain—but also how much other income was received by every shareholder, as well as how many shares were owned by each taxpayer—facts which it is impossible to ascertain.

What is clearly demanded by the situation is to abandon the distinction between individual and corporate taxation and to replace it with one between a personal income tax or income tax proper and a business tax based on net earnings. A business tax would possess the inestimable advantage that it would apply to all businesses, whether corporate or non-corporate, and that it could consequently be levied at so moderate a rate as to constitute no real check to business enterprise. Furthermore, it would apply to all profits, whether dis-

tributed or not; by no longer permitting the deduction of dividends from individual income, it would so augment the yield of the personal income tax as to permit of a considerable reduction in rate.

To this proposition two objections will be raised. The first is that the shareholder suffers a double tax, in that he would pay not only the corporate tax but also the personal income tax. This objection, however, is ill-founded if it is remembered that he would be in no worse position than any one else. We do not call it double taxation, or at all events illegitimate double taxation, for a New Yorker to pay his real estate tax—state as well as local—and again to pay an income tax in which the income from the real estate is included; we do not call it illegitimate double taxation for the same New Yorker to pay his corporate tax, whether on earnings or any other element, and again to pay his income tax on the dividends from these corporations. The reason is that a tax on corporate profits which reduces dividends, like a tax on land which reduces the rent roll, is capitalized into a lower selling value of the principal. The purchaser of a piece of land takes account of the tax when he buys the land; the purchaser of a corporate share will pay for it a price which reflects the net yield and which takes account of the tax. To subject the corporation to a tax does not impose any burden upon the individual who purchases stock subsequent to the original imposition of the tax.

The other objection is that the individual business or the partnership is put at a disadvantage as compared with the corporation, in that the member of a partnership has to pay not only the flat business tax but also the graduated personal income tax. This objection, however, is also in part at least invalid. We must not compare an impersonal tax on the business with a personal tax on the individual. A flat tax on business profits affects all businesses alike—corporate or non-corporate. The fact that the individual as such is subject to additional personal taxes does not alter the situation. For the equality between personal and impersonal taxation, which it is impossible to bring about at first directly, will tend to be effected ultimately. It is true that in the case of a corporation, the shareholder will pay his personal tax only on the dividends, while the partner will pay on the entire earnings. But the attempt to create an equality by putting a tax on the undistributed corporate earnings is both illusory and unnecessary. It is illusory because a flat rate on undistributed earnings of the entity called the corporation cannot possibly be made equivalent to a graduated tax on the individual recipient of the earnings. How can a 15 per cent tax on undistributed earnings, for instance, be equilibrated with a tax which in the case of the individual recipient of the earnings may vary from 8 per cent to 65

per cent, according to the amount of his income? Moreover, a tax on undistributed earnings will not alone fail to produce equality, but will be apt to engender unsound business practices in forcing the perhaps premature distribution of earnings.

The attempt to create equality is also in great part unnecessary. For the government will ultimately secure its rightful share of the undistributed earnings. One of three things must happen: first, the surplus accumulated in a good year will be utilized to reduce the deficit in a bad year, and, especially with a tax system which employs the method of averages over a number of years, will operate finally to give the government its due. Second, the accumulation of a surplus beyond a certain point will be apt to be prevented by the pressure of the stockholders to receive dividends, so that if the rate of taxation remains fairly constant there will be little advantage in delay. Third, with every accumulation of surplus the stock will become more valuable, so that when it is sold the government will secure its share in the taxation either of capital profits or of periodical income. This assumes, of course, that realized capital profits are to be included in the concept of income.

The only real hazard in the proposition is that individuals will attempt to incorporate themselves and, by refraining from a distribution of the corporate earnings, evade the graduated tax. But this danger can be avoided by treating the stockholders of such dummy corporations precisely like the members of a partnership and subjecting them also to personal taxes on the entire earnings. If this seems to be attended with insuperable practical difficulties, a compromise solution might be reached by making the corporate business taxable at a somewhat higher rate than the unincorporated business—a proposition which can be defended on other grounds as well.

Even this compromise, however, will not avail to obscure the desirable distinction between an impersonal tax on the business and a personal tax on the income of the individual. The most logical plan is that followed by France, whose new system of income taxation is based upon no less than five impersonal taxes or taxes upon the sources of income: ownership of land, agricultural enterprise, business, investments, and professions; superimposed upon which there is a *general graduated* personal income tax. Such a detailed system would be for many reasons both unnecessary and impracticable for us; but we should at least accept the fundamental distinction between an impersonal business tax and a personal income tax.

There remains the third method of reducing the income surtaxes, even if we desire to retain the same total and relative revenue from

wealth as compared with that from expenditure. This consists in an increase in the inheritance tax.

We do not indeed share the opinions of those who, regarding the inheritance tax simply as a capitalized income tax, yet deem it preferable because of the less repressive effects on saving. Mr. Carnegie, for instance, believed that an inheritance tax exerts no influence on savings, and even Professor Cannan holds that "death duties discourage accumulation somewhat less than annual taxes." Professor Pigou shares this conclusion not only because "the stimulus to accumulation consists in the hope of the distinction afforded by dying very rich," but also because, inasmuch as future taxes are like all future events discounted, the delay in the levy will have "a smaller restrictive influence upon the quantity of waiting supplied" by the investors. But this consideration which leads to the superiority of postponed over immediate taxes is offset, as Sir Josiah Stamp has recently pointed out, by the fact that most people will be more apt "to curtail expenditure to meet an annual income tax and to keep on saving and thus in the long run add more to capital than would be the case under the death duty régime."

From the point of view of savings, there is accordingly but little to choose between the two methods. There are, however, two sets of arguments that make for an increased revenue from the inheritance tax. The first is that the discrepancy in both the rate and the yield of the inheritance tax, as compared with the income tax, is at present too great. In Great Britain the maximum rates are about 40 per cent and 60 per cent respectively; with us, they are 25 per cent and 73 per cent respectively. The discrepancy in the yield is still greater: 150 to 200 millions from the inheritance tax, as compared with about 800 millions from the personal income tax. If it be objected that these figures take no account of the additional state taxes on inheritance, we may retort that they also take no account of the additional state taxes on income and on property. Adding state to federal taxes would make the discrepancy still greater.

The other set of arguments that make for an increased revenue from inheritance taxes are, first, the administrative simplicity and the avoidance of so many of the complications connected with the attempt to ascertain income. Secondly, in the United States, a further argument is found in the fact that a federal inheritance tax of slightly more generous proportions than at present composed, as is the case in so many foreign countries, of both an estate tax and a tax on shares, would also render possible the disappearance of the serious evil of double taxation now so common with us. We can therefore not agree with the Secretary of the Treasury when he puts a suggested

¹Sir Josiah Stamp, *Principles of Taxation* (1921), p. 154.

reduction of the federal estate tax on a par with that of the income tax. A rate of tax considerably lower than the maximum 40 per cent of Great Britain or the 80 per cent of France would not only permit each state in the Union to receive more than it is now securing from its own independently levied inheritance tax, but would yield such an abundant surplus to the federal government as to ensure a substantial reduction in the rate of the income tax.

The fiscal system of the future may therefore already be visualized in its main outlines. Government expenditures before the war were, exclusive of postal expenditures, somewhat less than three quarters of a billion. If we allow for the change in the value of money, and for a corresponding leveling up of government salaries, which has by no means as yet been attained, our normal expenditures, exclusive of postal and debt charges, should not be more than one and one-half billions. This assumes, indeed, that the mad race of naval competition will have been checked; and for this assumption we now have well-grounded hopes. The allotment for interest charge and a liberal amortization of the war debt, without counting on the repayment of the debt from the Allies, would be about one and a quarter billions. Allowing for contingencies, we thus have a total annual outlay of well under three billions.

How do we stand now on the revenue side? From a revised tariff which already now yields three hundred and fifty millions we may well expect five hundred millions. From three individual sources, namely tobacco, non-beverage alcohol, and automobiles or gasoline, we can easily secure another half billion, as in fact we are already now doing. With a slight increase of stamp taxes and the suggested increase in the rates of the inheritance tax, it will be relatively simple to secure another half billion. This leaves less than one and one-half billions to be derived from profits and income taxes. The general business tax that has been suggested should under normal circumstances provide about three quarters of a billion, leaving approximately the same amount to come from the income tax. With a more generalized conception of income, so as to include dividends, and with a change in the awkward situation which permits a complete deduction for capital losses, while making incomplete provision for capital gains, we can look forward to a personal income tax with considerably reduced surtax rates and moderately reduced normal rates. And if it should be found expedient slightly to retard the tempo of debt payment in order to spread over a somewhat longer period the gigantic burden of the war, it would be possible still further to lower both the surtax and the normal rates of the income tax or to go somewhat slower in the suggested increase of the inheritance tax.

Such a prospect is a reasonably cheerful one. It implies a fiscal system which will exert little repressive influence on enterprise, which will put no burden on the consumption of necessities or of comforts, which will render unnecessary a resort to the sales or the spendings tax, which will turn a deaf ear to those who in advocating a remission of the tax on savings are in reality working toward a remission of the tax on wealth, and which will finally respond to the demands of democratic justice without incurring the hazards of administrative inefficiency. With a stoppage of the mad race for armaments, with a more successful emphasis on budgetary economy, and with a fuller recognition of the fundamental principles involved, we may look forward with hopeful anticipation to a sound and sensible fiscal system.

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DISCUSSION.

JOHN E. ROVENSKY.—Professor Seligman's excellent paper is divided into three parts: the first is introductory in character; the second deals with our present debt situation and the expenditure side of our balance sheet; the third deals with our revenue problem.

I shall confine myself largely to the second part, but, before proceeding, I cannot pass Professor Seligman's conclusions on branch banking without voicing my disagreement. He states that "the reason for.....credit inflation when nearing the crest of a boom period is to be sought largely in a continuance of the competitive conditions among our thirty thousand American banks" and recommends branch banking which he believes would convert "the multiplicity of competitive institutions.....into a chain of coöperative banks working together." It seems to me that Professor Seligman overlooks the fact that inflation increases only while a majority of the captains of industry and finance are of the opinion that commodity prices are likely to advance, i. e., that really dangerous inflation does not exist. As soon as they begin to recognize the existence of dangerous inflation and to doubt the stability of commodity price levels the crisis becomes imminent. If this is true, then I fail to see how fewer banking institutions would remedy the matter. So long as the managers of the fewer banks proposed by Professor Seligman believed that commodity prices are on a safe basis and that dangerous inflation does not exist, they would continue to extend credit within the limits that they deemed safe just as banks do at present. I believe that the history of banking in countries having branch banking systems fully bears out this conclusion.

Furthermore, I don't believe that competition caused banks to grant excessive credit during the period of advancing prices. The comparatively small losses suffered by commercial banking institutions are evidence of that. Individual institutions are careful not to jeopardize their capital by unwise

credit extensions and they seldom let competition overcome their natural cautiousness.

That, however, is but a relatively unimportant part of the whole question of the desirability of branch banking. I shall not take the time to go into it at length and I believe that a vast majority of American bankers will agree with me that the remarkable development of this country during the past fifty years would not have taken place under a branch banking system that vests the control of credit in a comparatively small number of men located in centers far away from the points that require the greatest amount of attention. The close personal attention, the local interest and the sympathetic feeling of the interior banker have been powerful factors in the development of our country.

The fact that branch banking exists in other countries is not a valid argument in favor of its adoption here. Geographically as well as politically our banking system is harmonious with our surroundings and is best fitted for our needs. Branch banking in our country should be confined to operations in a single community. To such branches the objections I have here stated obviously do not apply.

Passing to the second part of Professor Seligman's paper—that dealing with our present debt situation and the expenditure side of our national balance sheet—I wish to compliment the author on the clear and logical treatment of his subject. I agree with many of his conclusions and shall not mention a number of points where I find myself in disagreement with him, because in some instances the points are not important and in others the degree of disagreement is not sufficiently great to be entitled to space within the limited time at my disposal.

I agree with Professor Seligman that it would be advisable to introduce more elasticity into the process of retiring our national debt. Future generations will unquestionably derive far more benefit from the objects attained by incurring our present debt and it seems to me that the present generation is weighed down with taxes to the point where it is having a serious influence on our business activities. However, if more elasticity is introduced into our program it will be our problem to see that this actually results in a reduction in taxation and not increased expenditure in other directions.

Professor Seligman states that "undoubtedly still a majority in this country" consider the debt of our Allies to this country a just debt. That may be true, but if so, I am glad to place myself beside Professor Seligman in the minority that does *not* believe so. To say that the Allied debt to us is a just debt is to ignore colossal facts of human history and take our stand on the basis of mere bookkeeping figures.

When France, bled white by her efforts prior to our entry into the war, sent forward a regiment of her men to fight for our common cause and we furnished a part of their equipment, we booked the price of the equipment as a loan. But when we sent forward a regiment of our own men—thus furnishing not only the relatively unimportant equipment but also the precious human element—we booked that as an expenditure. How absurd—if any relation of debtor and creditor was created between France and ourselves

in the two foregoing examples it is the reverse of the technical bookkeeping results.

Czecho-Slovak soldiers, drafted against their will into the Austrian army, rebelled and went over to the Allied side; when Russia failed the Allies they fought their way through thousands of miles of bolshevik chaos and finally at the earnest request of the Allies (including the U. S. A.) maintained an Allied front in frozen Siberia—half way round the globe from their homes, in a desolate country in which they had no interest save as our Allies. And when they needed food and clothing to perform the task to which we and our Allies assigned them we “loaned” the required amount to their government—a government that possessed at that time absolutely no revenues. Is that a debt in the usual sense of the word?

Professor Seligman states that there is “great need of clear thinking and of public enlightenment on this subject.” I am certain that the American people, if the facts are placed clearly before them, will after due consideration arrive at the same conclusion as Professor Seligman—that these debts are not the kind that give us the right to rigidly demand payment but that they are merely bookkeeping results that ought to be reviewed in the light of the vastly more important human facts.

Professor Seligman clearly states the reasons why we originally placed our assistance to the Allies in the form of loans rather than direct contributions and points out the greater economy and efficiency that was probably obtained thereby.

He proceeds to show that even if the Allied debt was a just debt it would be disastrous to ourselves to demand payment of either principal or interest at this time. His reasoning seems sound to me. Without going into details the net facts are that Europe hasn't the gold with which to pay us and it would be disastrous for us to accept it if she had—and it would be almost equally disastrous if she attempted to pay us in merchandise.

If a demand was made today for the payment of any considerable part of the principal or interest of the debt, the immediate effect would be a marked falling of foreign exchange rates. The Allies, not having sufficient gold for the purpose of paying us, would be compelled to purchase dollar exchange thus forcing up dollar exchange rates in proportion to the amount demanded. This would accentuate the undesirable effects of the present foreign exchange situation—American goods would be forced out of South American countries and other neutral fields by goods produced in countries with lower exchange rates even to a greater extent than at present, and, if we persisted in pressing our claims, foreign goods would finally force their way into our home markets over any tariff wall that we may erect. In connection with the latter, I may state that collecting an import tariff while demanding payment of our debt would be the ethical equivalent of the action of a creditor who insists upon the amount of his claim being brought to his house and then charges an admission fee at the door.

Professor Seligman states his conclusions regarding this whole matter in the form of a number of questions. Shall certain conditions be fixed for the remission of the Allied debt? Shall we ask our debtors to give us

some consideration of a political, economic, or cultural nature for such remission? Shall the whole matter be left in abeyance for the time being?

The important thing, however, at the present time is that we frankly recognize the fact that to "insist upon immediate or even speedy payment of the debt would constitute an economic blunder of the first magnitude." In all this I heartily concur.

The task before us, as I see it, is to impress upon the American people the really important facts with respect to the origin of the debt and the inevitable results of any attempt on our part to demand any considerable payment in the proximate future.

A. W. KRECH.—It is not an easy task to beat the economists at their own game, and I feel that it would be much too perilous for me to attempt to storm the professors' strong entrenchments on University Heights. But I should like to be allowed to give you the point of view of a mere banker who cannot help feeling that if the learned economists are having a bully good time diagnosing the ills and troubles of the country, it is because the bankers and business men are having a very tough time trying to readjust, as the well-worn phrase goes, their own affairs to prevailing conditions.

First, I would like to say a few words about the business cycle. There is no doubt that there are ups and downs in the affairs of men and nations, and that fat years have never been remarkable for their staying powers. It seems also to me that a reasonable explanation of the musty bromide, "The higher the crest, the deeper the trough," is to be found in psychopathy. If we were perfectly sane, perfectly balanced, perfectly poised, perfectly rational, the ups and downs of business would probably be less accentuated, but you know that it is quite normal for us to be abnormal, and it is to be feared that for many years to come a very unreliable nervous system will remain in control of our poor human flesh. But I am not speaking before a congress of psychopaths, and I must return to the economic fold. I only hope that a psychopathist who is also an economist (and since everybody nowadays is more or less dabbling in economics, such a psychopathist may well exist) will write on this interesting subject a book whose title, inspired by Krafft-Ebbing's famous work, should be "Psychopathia Industrialis."

But I should hesitate to claim that business cycles are scientifically established phenomena, which may eventually be brought under the control of all-knowing and all-understanding men. Periods of plenty and periods of depression are conditioned by innumerable causes, which can hardly be foreseen or even catalogued. One instance may help to make my point clear to you. Switzerland is at present blessed with the not enviable honor of having her franc quoted above par in New York, and as a result her hotels are empty, because the tourists have gone to the Black Forest or the Italian Lakes, or the Riviera where their pounds and their dollars have a much greater buying power. I wonder whether you can ascribe Switzerland's present position to the business cycle. No, the economic destinies of a nation or of a group of nations or even of the world are shaped by so

many ever-changing factors that it is hardly possible to explain by a so-called business cycle the appearances of periods of bad business or good business.

One thing is more or less sure, and that is that our economic destinies are to a very great extent moulded by ever-recurring factors: thus there are ever-recurring wars, ever-recurring plagues, ever-recurring droughts, ever-recurring periods of saturation, ever-recurring periods of speculation or what I shall call business exhilaration. In Egypt of old, the Nile drew the curves which the economic investigators of the Pharaohs recorded on their charts; in India the monsoon is the great economic arbiter; in Turkey it is the cholera; in a wine-growing region it is the phylloxera.

Now these ever-recurring factors may to a certain degree be controlled; one can dam a river, or irrigate the countryside, or despatch doctors and nurses to a threatened region, or call a peace conference to avert a war, or, since economists should be put to some useful purpose, create a bureau whose duty it would be to warn—let us say—prospective automobile manufacturers, that the point of saturation has been reached in the automobile industry. To that extent, business vagaries may more or less be corrected, but I am afraid that I am not ready as yet to accept the all-explaining business cycle theory as a possible remedy to our economic ills without a very liberal helping of salt.

Professor Seligman has pronounced an eloquent plea for the cancellation of the Allied debt. His noble idealism is traditional in the great university of which he is one of the most honored masters, but I cannot help feeling that he defends his point of view with a passion kindled much more by his heart than by his reason. First of all, I think that it is not right to brand the debt as an unjust debt. The debt is a most honorable debt both for the debtor and the creditor. It was an honor for us to rush to our embattled Allies our material help, and it is an honor for the Allies to owe a debt which wrought victory. After all we should not forget that our share in the war is not represented only by the ten billion dollars advanced by our Treasury. To say that our debt is unjust is almost tantamount to saying: The Allies gave their blood, America can well afford to forget her dollars. When we pegged the franc and the pound sterling, we were not precisely mindful of our dollars. Tremendous sums of money were spent in France and in England by the A. E. F. If we had not pegged the franc and the pound, we would probably have obtained much more for our dollars. The sums we advanced, it is true, enabled our Allies to feed and clothe their soldiers, but on the other side, did we not pay for everything our army bought overseas? I hope you will understand that I am not oblivious of the admiration and gratitude we owe to our Allies, but I feel that it is my duty to explain to you why I cannot regard our debt as unjust.

But now arises the question: Shall we or shall we not cancel the debt? I believe that the moment is ill chosen to bring the question in so unpromising a manner before our people. Economically speaking we are at present a very much harassed people: the burden of the taxes, the difficulties and hardships brought upon us by deflation make it very hard for

the people at large to examine so important a question in the right spirit. Therefore, I propose that we should take a leaf out of Secretary Hughes' book, and declare a holiday of ten years during which the debt would be considered as non-existent. After the ten years have elapsed, the question of the cancellation should be taken up again. I believe that these ten years of an absolute suspension of the effects of the debt, would create an atmosphere of judicious aloofness. We should then be in a much better position and also in a much better mood to approach so vast a proposition. Besides, let it not be forgotten that the nations have not as yet found their bearings, they are still uncertain as to which roads, political or economic, they should follow, there is still much to be done and much to be undone. The actual burden of the debt should be removed during these difficult years, and we should say to our debtors: "You must have but one thought in mind; that is to put your own house in order, and you shall not during the next ten years be hampered in your efforts by the demands of your creditors." After all it will be granted that in 1931, things may look pretty different from what they are now. Our debtors are hardy people who have weathered more than one storm, and ten years should witness great changes for the better in their affairs. But the point is not so much to wait ten years in the hope that then our Allies may be in a position to pay easily their debt; my proposition is not a veiled moratorium. I conceived it in the hope that ten years hence, conditions both in this country and abroad will have prepared a better terrain for the discussion of the problem.

It would take more than the ten minutes which are allotted to the gentlemen who come on the program under the heading "Discussions" to go more deeply into the examination of my proposition. I shall merely ask you to have in mind that when all has been said and done, the reorganization of Europe, in spite of many admirable and even successful efforts, is still in its first stages. The reparations which have so often been revised, have not as yet taken on a definite form. The Allied world, and more especially London and Rome, begin to realize that German reparations may under certain conditions become a curse in disguise. Walter Rathenau speaking in Munich on September 28, at a meeting of the Association of German Industries, boldly declared: "Complete fulfilment of all the demands made upon us by the Versailles Treaty and the ultimatum, would injure the world's economic system to a far greater extent than it would us." It is not for Germany to say we cannot pay; the world's economic system "will one day utter a *non possumus*, and we in Germany shall live to see that day." And it must be conceded that these words in the mouth of the able member of the cabinet of fulfilment, whose earnest desire to come to some kind of an agreement at Wiesbaden was acknowledged by M. Loucheur, carry a good deal of significance. Rathenau advocated at Wiesbaden that Germany pay in kind, but in his Munich speech he says: "The fact that Germany has to produce goods on this unprecedented scale, and throw them on the world's markets, causes unemployment not to diminish, but to increase." And there is a terrible hint for the rest of

the world in Rathenau's statement that there is no unemployment in Germany. No wonder that there is plenty of work in Germany if, as we read the other day, the Spanish government has a good deal of its printing done in Berlin. In Belgium there is an outcry against German imports. The *Messagero* claims that the steady rise in German imports threatens to ruin the struggling Italian industries.

But then if Germany is to pay, she must pay with goods. Rathenau may be right when he says that Germany won her great economic position not by wealth, not by her geographical situation, but by organization, discipline, advanced scientific knowledge, and work. Germany instead of paying in gold, which is impossible, may well be in a position to make payment in kind, but the question remains: Can the world afford to accept such payments in kind? I am afraid that the Vergilian line *Timeo Danaos et dona ferentes* could be written across many a reparation clause: "I fear the Germans bearing reparations."

Before leaving this platform, I should like—ladies and gentlemen of the American Economic Association—to express my appreciation for the work you are performing. We men of the business world have our eyes fixed upon the few concrete business propositions which claim our attention. Your gaze, on the contrary, seeks a higher aim: The weal of the community. We see a few trees, you see the forest. You must guide us. You are, if I may use the beautiful old English expression, the keepers of the business man's conscience.

J. T. HOLDSWORTH.—In the brief time I have had to examine Professor Seligman's admirable paper, I find myself in general accord with his analysis of the nation's finances in so far as it has to do with the domestic situation. Surely there will be no dissent from his conclusion as to the effectiveness or the providential availability of an elastic currency and credit system in the most trying period of our existence. Though the federal reserve system has been much lauded in some quarters—and because of the tirades recently directed against it by one of its former ex-officio administrators it has to that extent raised itself above the level of honest criticism—the public at large does not yet adequately appreciate the wonderful achievements of the system during the period of war inflation and no less the period of deflation since the war.

In general, too, assent will be accorded Professor Seligman's contention as to the danger inherent in unrestrained competition among our numerous banks, though there may be a division of opinion as to the wisdom of branch banking, or, at least, as to the unlimited creation of branch banks. It does seem probable, however, that a limited measure of branch banking is inevitable in our American system.

While there may be room for difference of opinion as to the wisdom or intelligence of our war finance policy, Professor Seligman puts his finger upon some of the obvious errors in that policy. The consequences of the government's refusal to pay the market rate of interest on government loans as foreign countries did, and of the overdependence upon taxes on wealth,

with accompanying tax exemption and the iniquitous excess-profits tax, are very logically and interestingly set forth in Professor Seligman's paper.

He is equally happy in his insistence, when discussing the expenditure side of our national balance sheet, upon the need for retrenchment and for a policy which will secure economy while still assuring efficiency. The adoption of a new budget system gives promise of initial control over expenditures that will facilitate national economy, but the promise of this new reform will fail of realization unless there is everywhere throughout the nation a supporting attitude of retrenchment and economy and a vigorous, organized public opinion to fortify every advance thus made in the line of budgetary control.

Coming now to the discussion of the Allied indebtedness I find that I cannot follow so unreservedly his arguments and conclusions. He has little patience with those who consider this a just debt and less, apparently, with those who would seek to defend such payment on economic grounds. In considering the justness of the debt Professor Seligman would explain the almost simultaneous appearance of war profits taxes in every country "on the ground of conviction that it is illicit for an individual to make profits out of the blood and misery of his fellow-countrymen in so fearful a crisis." But it may be questioned whether this was the dominating motive—or, rather, was it that war-profits taxes were resorted to as one of the easiest and most immediately available sources of revenue for the government?

Is it strictly true that "the revolution which converted us from a debtor to a creditor nation.....is due to the fact that for two and one-half years we made these enormous profits"? What if we had remained out of the war, "too proud to fight," and still made loans and sold war supplies to the Allies; or what if we had entered the war in 1914, making loans and sales of material to the Allies in even larger amounts? If it is just to cancel the Allied debt should not Liberty bond holders likewise cancel their individual claims upon the government? The fact that our government is better able to pay, though payment of the principal may be longer deferred, to individual bondholders than are the Allied governments to pay our government, surely does not affect the principle here involved.

Again, Professor Seligman says that had we been in the war from the beginning—as we should have been, in which case it would have been shortened by many months and the total war expenditure correspondingly reduced—we should not have had 10 billions of assets to count but ten times 10 billions of the debt as our share of the cost of the war. But this probable bill would be owed largely to our own people. Would we then consider the repudiation of these obligations? Or would repudiation apply only to those holders of the debt who did not don khaki, or who got into the fight late, or who did not get overseas? Waiving the question of whether we "emerged as the real beneficiary of the war," but doubting whether any nation ever can emerge from modern warfare a beneficiary, we inquire how this can affect the justice of the debt?

Turning to the economic aspects of payment of the Allied debt, the ground seems equally debatable. Indeed, Professor Seligman admits that it may not be the part of wisdom to cancel the existing indebtedness. The fact that the Allies cannot now pay in gold and that such payment if available would be disastrous alike to them and to us, does not close the case. The bulk of the debt must be paid largely as all international indebtedness is settled, in goods and services. But it may be urged that the heavy trade balance due us annually from abroad as a consequence of the predominance of our exports over imports will render it impossible to discharge the debt by means of commodity exports.

In view of the unsettled condition of European industry and finance, of the depreciated and fluctuating exchanges, and of the enormously heavy tax burdens, existing or prospective, pressure for prompt payment of either principal or interest at any early date would be most unwise. But eventual payment under a generously elastic funding arrangement is both possible and probable. Despite the unconscionable hesitation and delay of Congress, provision is slowly being evolved to effect such arrangement. Granting the restoration of normal economic activity in Europe, partially relieved as a consequence of the Disarmament Conference of the huge financial burden of preparation for future wars, given a decade of economy and retrenchment, and the Allied governments will be in a position to begin the regular payment of interest and to amortize the principal of their debt to the United States. The burden of settling for past wars will be less irksome than that of earlier days devoted to preparation for future wars, and the disturbance to the international money markets and exchange long since stabilized will be inconsiderable.

In passing it should be noted that much of the contention for cancellation of the foreign debts rests upon the doubtful assumption that the present balance of trade so heavily in favor of the United States will continue. During the past few months the tide of our export trade has ebbed markedly with corresponding rise in imports. There are those who believe that the not distant future will witness a reversal of our international status when imports will exceed exports, when our huge horde of gold now swollen to 45 per cent of the world's total will be required to meet our debtor obligations, and when the heavy investments which, in the very nature of the international situation we will make in foreign countries in the next few years, will have to be made available for the settlement of unfavorable trade balances, as has been the case with England for decades past. It must be said, however, that such an evolution—call it devolution if you will—will be checked, and the whole operation of debt payment be made exceedingly difficult if the apparent purpose of Congress to erect high and yet higher tariff barriers against the trade of our debtors and the rest of the world becomes effective.

Finally, let it be said that in the interest of world peace these war obligations should remain inviolable. If denied, what nation will be able in the event of attack by a stronger foe to obtain financial aid from a non-combatant? Where, for example, would England, attacked fifty years

hence by Russia or China, turn for a loan? Were not the obligations of earlier war loans remitted or cancelled with resulting increase of the tax burden for years upon those who advanced the loans? Who then will buy the bonds of a country which history records as having sought or received cancellation of its obligations? Is the financial integrity of a government less sacred than that of its citizens?

Great Britain has arranged to begin payment of the debt owed to the United States at the rate of 50 million pounds yearly, and Sir Robert Horne, Chancellor of the Exchequer, has recently said: "Our attitude in regard to our debts must be that what we owe we shall always be prepared to pay, and that we shall meet our obligations however hard and difficult the circumstances may be." The continued talk of cancellation of these debts has certainly not enhanced faith in European credits. With the appointment of the commission to arrange for their settlement all such talk should now cease and the debtor nations should act upon the assumption that they will be required to pay. The clearing away of this cloud of uncertainty should go far toward restoring international confidence and improving the international credit situation.

Reverting to the domestic aspects of the problem of national finance, I feel that Professor Seligman is on familiar and firmer ground, where because of his recognized authority it may, perhaps, be presumptuous to follow. He clearly illuminates the shifting of the tax controversy from the merits of direct versus indirect taxes to those of consumption taxes versus taxes upon wealth, or savings, or income.

The war has left no more forbidding trail than that of heavily increased tax burdens which even our children's children must follow. And the trail winds. The complexities of the post-war situation make it difficult to lay out a straight road of taxation upon the basis of fairness and justice. Yet we have the experience of the past to guide and the mistakes of the war period to warn in shaping our course. We shall not soon repeat the egregious blunders of the excess-profits tax, but it does not seem that our legislative engineers have learned anything from past mistakes in the matter of oppressive surtaxes or of the repressive policy of "soaking the rich." Whatever may be said of the expediency or wisdom of taxing excess profits in time of war, a fiscal policy which in times of peace and of post-war business deflation seeks or, by indirection such as arises from the exemption of securities from taxation, accomplishes the paralysis of business enterprise, is nothing short of economic stupidity. That business must continue to carry a very heavy burden of taxation seems assured; that business skill, enterprise, and initiative shall still be subjected to the palsy of the dead hand reflects upon America's reputation for solid common sense. As Professor Seligman points out, excessive taxes upon wealth and industry, and particularly the virus of tax-exemption of increasingly huge masses of securities, will, if continued, destroy that business virility upon which continuous, economical production essential to the resumption of national prosperity so largely depends.

While agreeing with Professor Seligman that dangers lurk in 'wide-

spread consumption taxes, and that the principle of ability to pay must be preserved as the mainspring of our revenue system, and admitting that a general sales tax violates "the economic and ethical canons of taxation," it may be urged that as a temporary measure a sales tax has much to commend it in the existing fiscal situation. It is probable that an income tax simplified in form, equitable in its incidence, and lighter in its burden upon those of small means, has become a fixture in our revenue system. In order to lighten the tax burden now pressing with undue weight upon wealth and business, it seems necessary and expedient until a more nearly normal order be restored to distribute the burden over a wider group area by resort to a sales tax. With a decreasing national budget the spread of this tax may in time be gradually restricted and eventually replaced by consumption taxes through import duties and excise dues upon the small group of articles familiar before the war.

The solution Professor Seligman proposes of the problem existing in the high rates of surtaxes is feasible and commendable. The tax upon inheritances can be materially increased without injustice to the several states imposing similar taxes, without arousing general opposition, and without stirring up anew the controversy as to whether the inheritance tax should be regarded merely as a capitalized income tax. Not the least commendable feature of the inheritance tax is the comparative simplicity and economy of its administration.

Regarding the taxation of corporations as a means of securing reduction in the income tax, it should be frankly recognized that, with the evolution of our income tax system, the attempt to sustain equivalence between the tax upon corporate and that upon individual income must be abandoned. Recognizing their essential difference, the problem becomes one of devising a fair workable business tax based upon net earnings, applicable to all business enterprises and to all profits, distributed or undistributed.

We return once more and in conclusion to the pressing question of tax exemption of securities. Without attempting a recapitulation of the arguments now generally understood against the exemption of securities from taxation, emphasis should be laid upon the necessity of arousing public opinion to the growing menace in this situation. The tax-free investment affords shelter and peace to the business man and the man of means harassed by the worries, uncertainties and inequities of excessive surtaxes. This combination of evils not only works inequality in the tax burden and reduction of revenue for the government, but more it tends to stifle those qualities of business enterprise and courage which have made American industry great and which if now released and encouraged will make her still greater in business achievement and in her service to the world.

E. L. BOGART.—I am glad to align myself with Professor Seligman and Mr. Rovensky on the subject of the cancellation of our foreign indebtedness. But in taking this stand I should like to emphasize, not the ethical arguments, but the economic ones in favor of such action. And in doing this I should like to present the matter from the point of view of the effect of

payment upon the debtor nations of Europe rather than of the effects upon the United States, especially since these latter have been so forcibly presented by Professor Seligman.

This foreign indebtedness might be paid, in the first place, by the shipment to this country of gold. But the debtor nations have not got the gold to ship, and if they had it, it would be economically unwise of us to demand it of them. The reestablishment of the gold standard by them will be possible only if they not only retain this gold, but also add to their holdings. Such a consummation, with the attendant correction of disordered foreign exchanges, would certainly be to the advantage of the United States, and nothing should be done by us which would prevent an early realization of this end. The world is too much of a piece today for the injury of one part not to hurt the others.

If the debtor nations cannot, or ought not, pay in gold, then they must pay in goods and services. Whether it be true, as Professor Seligman urges, that we do not wish these foreign goods to flood this country, or not, I do not intend to argue. I wish rather to emphasize the point that it is not to our interest to deprive Europe at this time of these goods and services. The United States is vitally interested in the speedy restoration of European industry and economic well-being. Our industries are even now suffering because of the lessened purchasing power of some of our best customers in that part of the world. Our first efforts, as those of the recent belligerents themselves, must be the speedy and complete economic rehabilitation and reconstruction of Europe. On this point Mr. Vanderlip's recent proposal has the merit of going to the very heart of the problem. The labor and capital of Europe can be better applied to repair the ravages of war than to pay their debts to us, and such a procedure will profit not only themselves but us as well. Even if the debtor nations could pay, it would be unwise to insist upon payment. But at present and probably for a long time to come they are and will be unable to pay. What we cannot collect we may therefore forgive.

Though advocating the cancellation of this foreign indebtedness, I should, however, endeavor to make it at the same time an instrument of reform. We might fairly demand, in return for a gradual and progressive cancellation of these debts, that the debtor nations balance their budgets, that they stop the further emission of paper money and that they apply their resources to economic purposes rather than to armament. Cancellation might, therefore, be made a means of obtaining financial stability and economic progress, without the future complications involved in a scheme of postponement such as Dr. Holdsworth suggests.

BUSINESS TEACHING BY THE CASE SYSTEM¹

Fifty years ago when Professor Langdell introduced the use of selected reported decisions of the courts into the Harvard Law School as the basis of classroom instruction, his idea was not received with the greatest confidence, nor was it immediately adopted by other law schools. For years after the case system was first introduced its acceptance at other institutions was slow and it continued to arouse active controversy. Now very little is written about it. The orthodox method of teaching law today is the case system. In law schools of the highest standards, it is used almost universally and successfully, having displaced the more rapid but less thorough textbook and lecture method of approach. It is a fair generalization that to a greater extent than any other process, the case system develops those powers of analysis and synthesis which are essential to the practice of law. Yet, notwithstanding this extraordinary success, the method has never established itself generally outside the teaching of law.

A study of the case system as it now is used in the law schools of this country reveals certain limitations of the system and its application which no doubt account for its use having been most successful only in law schools of the highest grade. Mr. Alfred Z. Reed² says:

Three conditions are essential to the successful working of the case method. The first is that the bulk of the students should not be boys, but men, hardened by their previous training to undergo the rigors of severe intellectual labor. . . . more indispensable than this, however, is the necessity that the students should have time to study their cases in preparation for the classroom discussion. Finally, although any method of teaching presupposes, for its successful operation, an efficient corps of teachers, this condition is peculiarly necessary when the students' ultimate guide is a man and not a book.

Whatever weight is given to those points there are certain limitations which may affect the application of the case method of teaching to other fields. Primarily, it appears to be applicable only where the principal effort is to develop the students' power of analysis and synthesis. Secondly, the substance of the method depends upon the

¹The appearance in the last two years of several case books in business has raised the question as to what extent the case system of the law schools is applicable to other teaching and particularly to instruction in business. Since I have had experience only in the application of the case method to business instruction I am confining this discussion to that particular field. The principle may or may not have wider application but I have not sufficient knowledge of other fields to make, or even suggest, its application.

²The Carnegie Foundation for Advancement of Teaching, *Training for the Public Profession of Law*, bulletin no. 15.

ability of the instructor to draw upon a wide variety of written cases. The field in which it is to be applied, moreover, must be thoroughly classified. Another serious objection to the case system is that it is not a rapid method of transmitting facts.

If the difficulties which these limitations raise cannot be adjusted it is obvious that the method cannot be extended into further types or fields of teaching. Some of the limitations are probably fundamental. For example, it would be very unwise to attempt to apply the case system to any branch of teaching where analysis and synthesis do not have a major part, nor would it be wise to attempt to cover an extremely broad field in a limited length of time. Where speed is of the essence, or where the end desired is the easy acquisition of facts as distinguished from an effective command over the use of such facts, the case system is clearly not adapted for the purpose. Even in the teaching of law the method has not proved itself in schools which exist primarily as "cramming" schools. This type of limitation is, however, no more serious and of no wider application in the teaching of business than it is for the teaching of law. In each of these fields the training of the student is of little value to him unless it gives him command over new concrete situations through his ability to reason back from these situations to the principles involved; and unless he can apply to new facts the lessons of similar events in the past. Although the other limitations raise very serious and difficult problems, these are perhaps not impossible of solution. A careful analysis may lead to the conclusion that the difficulties of extending the method to the teaching of business are practical rather than fundamental; and, indeed, such experimenting as has been done appears to suggest this result. So far as can be seen all the obstacles which are encountered yield to study and research. Frequent modification and limitations of the technique of the law school prove both desirable and practical, but the essentials remain unchanged. The following brief discussion of problems which are met in applying the method is limited to the teaching of business.

Analysis of the Case System of Teaching Law

Early in the study of the problem it is necessary to analyze and state the case system as it has been developed in teaching law, for without such an analysis it is impossible to separate the essential element from the mass of technical material and practices which are customary in the teaching of law. Five points appear to stand out in such an analysis.

First, the case system of teaching law in its present form is made possible by the centuries of reported decisions which form the heritage

of the common law. Professor Langdell would not have developed his method if there had not been reported cases; or if the doctrine of *stare decisis* had never developed; or if the lawyer searching for light on his law problems customarily focussed his attention on the reactions of the treatise writer instead of on the decisions of the court. The case system of the teacher of law is dependent on the reported decisions of the courts and the extension of the method into other subject-matters will depend on the creation of effective substitutes for these cases.

Second, the case system in practical operation is based upon a thorough classification of the subject-matter made by the instructor. It assumes that the common law is a science developed by the courts from the precedents. Yet the law is far from being an exact science. In fact it has been developed by the method of trial and error to perhaps a greater extent than economics. To the extent that a scientific basis is essential to the use of the case system, economics probably has at the present time an advantage in this respect over business. As a matter of fact, however, all of these subjects—law, business, and economics—may broadly be considered sciences based in part on precedents and customs and in part on natural and economic laws. The underlying principles may in numerous instances be discovered by analysis and applied to new facts. After all, the assumption underlying the teaching of all such subjects (except historically) is that they are not haphazard but that they are capable of systematic presentation. If so, the principles may be taught by an inductive method and in numerous instances the inductive teaching of economics is already being accomplished. The extension of this inductive method into a true case system of teaching business does not present insuperable difficulties arising out of the nature of the subject.

Third, the system is made practicable by compilations of books containing a limited number of cases chosen by the editor because in his opinion they best illustrate or help to develop the legal principles he wishes to teach. Given the raw material, such compilations may readily be made in other fields. We already possess several such case books of business.

Fourth, the collected cases of the law customarily include (a) the statement of facts, (b) the limitation to an issue or legal problem, (c) the opinion of the court, (d) the decision. All of these elements or effective substitutes may be supplied in a business case to such extent as turns out to be desirable. It is of course impossible that business discussions of business problems should possess an authority comparable to the opinion of the court or that the decision arrived at with reference to a business problem should have weight comparable to

the decisions of a court, but these limitations in practice often add to the vivacity of a classroom discussion. Indeed, experience clearly indicates that, although frequently wise, neither an opinion nor a decision is essential to the successful classroom use of a business case.

As the technique of presenting business cases develops, ways of including elements similar to the opinions of the court are constantly suggested. It is clear that models of analytical methods of attacking business problems may be employed in such a manner that they fulfil the teaching function of the opinion of the court.

Fifth, the general principles involved in a law case or cases are developed through the discussion of concrete decisions reached by the court on facts which actually occurred. This classroom discussion largely or wholly displaces the lecture as a medium for the presentation of principles. In operation the burden of the systematic development of the subject by and through such discussion rests heavily on the instructor. The development of thought under the case system is always from the concrete to the abstract, from the particular situation to the broad principle. The distinguishing characteristic which makes the case system of teaching law, in the hands of a competent instructor, an instrument of great power is the fact that it arouses the interest of the student through its realistic flavor and then makes him under the guidance of the instructor an active rather than a passive participant in the instruction. Under this participation he analyzes and thinks systematically on legal subjects. Experience demonstrates that this element of aggressive interest on the part of the student in practice develops from the consideration of a good business case to an extent not surpassed in the teaching of law.

The characteristics, therefore, which appear to be typical of the case system of the law are: the vast number of published decisions, the thorough classification of the subject, published case books, the elements in the typical law case, and the development of general principles from the discussion of individual cases. Of these elements it appears clear that all, with the exception of the reported cases themselves, exist already or may be supplied for teaching business. The problem of extending the system to teaching business becomes, therefore, the problem of securing the facts about properly classified business situations or cases and presenting them in such form that they may be used effectively as the basis for classroom discussion.

Securing Cases for Teaching Business

Clearly in no other subdivision of knowledge is there a mine of published material comparable to the reported cases of the common law. This lack of published cases outside the law coupled with the

extreme difficulty of getting material of a similar nature in other subjects appears to be the basic reason for the failure of the case system to extend generally into other fields.

Case material for teaching business is to be obtained only through research undertaken solely because of the value of such cases for the teaching of business. These business cases¹ are not to be found ready made. The business case is of course not generally a litigious situation but rather a practical set of facts out of which arises a problem or problems for determination by the man in business. When such cases are prepared for classroom use they must generally be disguised so that the particular concern involved may not be identified. The cases may also be consciously adapted to the needs of teaching by varying the facts if these adaptations are made in such a way that the reality of the situation is preserved. This plastic nature of the material will surely prove a distinct asset in the future, although at the present time it constitutes one of the most troublesome and at the same time interesting of difficulties. The gathering of cases for teaching business is arduous, the technique of presentation is still in an early experimental stage and a rapidly changing point of view inevitably develops both as to the acquisition and the presentation of such material.

A selection of cases for teaching law may be made by a competent man in any good law library, but since no library of executive cases or situations as they occur in business is in existence, the author of a case book for teaching business must either personally or through research assistants go directly to business men for his facts and his problems. Collected extracts from leading articles and treatises on business subjects, sometimes referred to as problem books, in no way fill the requirements for such a business case book because if the value of the business case used for teaching is to be realized the case must be stated specifically as it comes to the business executive, rather than in generalized form as it has been reacted upon by the business economist. The search for an actual business case to illustrate a particular point needed for the systematic treatment of a subject is aided by no well-edited index or encyclopedia such as the teacher of law finds available, and may be both long and discouraging. Nevertheless, this search must be successfully carried out if the problems used are to possess the flavor and detail of reality without which they fail to interest or convince the student.

¹I use the word "case" rather than "problem" because the latter fails to connote the actuality and the realistic detail which must surround the specific situation if it is to start with the flavor of life. The case always includes one or more problems.

Points of Difference between Law and Business Cases

It is evident in other ways that cases collected for teaching business must differ as a type from the court decisions of the law case book. The material in the law cases is not as the client brings it to the law office, for it has been sorted and analyzed three times, once by counsel for each party and once by the court, and its scope is limited by the technical requirements of litigation. The large field of discretion for the lawyer preceding or preventing litigation; the questions involved in finding the facts of a situation for use in or out of court; the problem whether to settle a controversy rather than to litigate; the need for considering the psychology of the court, of the jury, and recently of governmental agents; the miscellaneous constructive work of the law office which never gets into court; all of these elements in the practice of the lawyer are largely outside the usual scope of the case books used in teaching law. Yet the business case book must be made up mainly of just such types of executive problems, if it is to give the student any adequate conception of his future or training for it.

Such cases when collected and arranged should be printed in case books or be otherwise made available to the student for his consideration and discussion prior to the classroom exercise at which they are used. If this is not done, much classroom time is wasted in prolonged statements of facts and the views expressed by the student are of off-hand opinions rather than of reasoned conclusions available in advance. The instructor cannot assume the existence of a common basis for discussion in the classroom and the interest and initiative of the student is not aroused to the maximum extent.

But notwithstanding the difficulties, one thing is encouraging. As more and more cases are developed the teaching of business gets very close to business itself. Practically all business not of a routine nature may be reduced to the making of decisions based on specific sets of facts. Often these decisions must be made from insufficient premises and under pressure. An educational method which compels the student to decide similar problems from day to day in and out of the classroom must certainly be better preparation for general executive work than any method based primarily on telling the student how to do business. The overwhelming complexity of modern business and social organization makes it almost certain that some new variable, some new combination of facts, will distinguish the new situation from the old. The business school should furnish a background of facts and general principles upon which the mind trained in the solution of executive problems by the educational processes of the school may react, and the training is of far greater importance than the background. The case system is peculiarly adapted to these ends.

Inevitably in a development of this nature many interesting questions of technique, method, and substance arise. These naturally group themselves around the gathering of this new type of material, its presentation in form for classroom use, and the actual use of the material for teaching.

In gathering material, the teacher may use two methods. Of course the customary plan by which the staff of any school gathers its own material will obviously be always available. The job of gathering cases is, however, large, and requires so much traveling from place to place that results will be obtained in this way much more slowly than when the search is organized with paid research assistants or field agents. Organized research, however, can be conducted only where funds are made available to support it, and such research is inevitably inefficient and expensive until a background of experience in methods has been developed and an organization trained. It is believed that such research will be most efficient when it can be centralized.

Various methods have been tried experimentally before research methods developed to a point where the cost is within reasonable bounds. The largest results are obtained from the least expenditure when the field agent goes to the business men with a fully developed outline of subjects which he wishes illustrated by cases, and where possible with specific suggestions from the instructor as to the type of problem which the particular business man may be in a position to furnish. He should be ready to provide the business man with illustrative cases to show the type of material needed. In such organized research, though the work must be done for the instructor, according to his general directions and under a classification of the subject adopted by him, the skill and technique developed by the research organization while working in other fields is of course available, and an interchange of valuable methods is brought about without sacrifice of individuality.

Presentation of Cases for Classroom Use

In presenting cases for classroom use a variety of methods and approaches is being worked out with no immediate effort at uniformity. A study of the several case books already published will illustrate the wide differences in approach adopted by different teachers and within the subject-matter of each case book the various types of material and methods of presentation included.⁴ Only prolonged experience in

⁴Among illustrations may be mentioned Copeland's *Marketing Problems*, Schaub and Isaacs' *The Law in Business Problems*, Lincoln's *Problems in Business Finance*, Dewing's pamphlet of *Problems* to accompany his *Financial Policy of Corporations*, Tosdal's *Problems in Sales Management*, and David's *Retail Store Management Problems*. While the material for these case books is both original in conception and novel in the technique, much of it was nevertheless before publication tried out in

actual teaching can tend to standardize types, and such experience may bring out the necessity for more kinds of problems rather than fewer. A few points, however, stand out. In the first place, much of interest is gained by including enough facts in a problem so that the case has the atmosphere and detail of reality. Moreover, in most fields of business, on account of the infinite complexity of detail, the student cannot in general afford time to study facts considered merely as facts. There are far too many of them. One advantage of the case system is that problems properly presented furnish an opportunity for the student to acquire a broad acquaintance with both technical and general information about diverse fields of industry, not by the study of dissociated facts but as an incident in the intellectual process of working out decisions. This easy and natural way of acquiring information is wholly consistent with the more important task of training the mind to analyze and reach decisions.

No cases are found ready-made. Although every question that involves decision by an executive is a case, nevertheless the business man has not crystallized these questions into the form of a case. The instructor or field agent must obtain facts which form the basis for and illustrate each point that it is desired to bring out. Then these facts, with the identity of the firm disguised, are worked into case form. The cases have been of three general types: (1) the determination of major policies, such as those that involve the business as a whole or its relations to other businesses, to the general public, or to the economic and social background of business; (2) the determination of internal policies, such as the policy to be followed in a single department; (3) the interpretation and application of policies to individual cases.

In numerous cases it is advisable to include both relevant and irrelevant material, in order that the student may obtain practice in selecting the facts that apply to the case in hand. Such training is essential. The case ordinarily should not require the student to collect new facts not included in the statement. The material or known facts in the main should be stated and the study of the case should involve the analysis and use of the facts. Moreover, the statement of facts must include much material which the business man assumes as a matter of course, for the student lacks this background. The importance of these points becomes increasingly evident. We are constantly made aware that greater emphasis must be placed on the presentation of facts in cases used for teaching business than in cases used in teaching law.

classroom in the form of mimeographed sheets before publication. The extent of this experimental work is perhaps best illustrated by the fact that 94,954 of such sheets were prepared for distribution by the Harvard Business School between November 1, 1920, and July 1, 1921.

The compiler of a law case book is interested mainly in teaching the law, and has in mind the legal method of thought, with its large measure of dependence on precedent and authority for the handling of new legal problems. Facts may be needed, but may be determined by *fiat*. They are therefore often summarized in a brief statement or disposed of by the finding of a court or jury. In teaching business, practices and precedents have no weight of authority behind them, but every fact of business which can be brought in is an asset to the student, giving him a broader foundation for executive judgment. He must, moreover, come to realize the extreme difficulty of really determining facts and of giving them proper relative weight. A case adequately stated, in the discussion of which it is possible for the student to say: "But I can't make out what the facts are. Why did this party to the negotiation say what he did?"—such a case may be most effective in teaching the art of negotiation.

Certain types of business cases are much more difficult to put into shape for teaching than others. For example, factory management cases, with their infinitely varied industrial background and with the limitations imposed by the factory building and equipment, are difficult to present in such a way that the student may visualize the facts clearly. There is much less difficulty in stating a case in marketing or in banking, because it requires no stretch of the imagination for the student to obtain a clear conception of the case from a printed page. This is the ordinary medium for stating such facts. For these reasons the descriptive material for cases in factory management and industrial accounting must be much more elaborate and much more carefully prepared than similar material in other subjects. Such difficulties suggest the necessity of developing outlines and descriptions of industrial processes in book form in a wide variety of fields to accompany case books. In this direction, however, enough has been accomplished to demonstrate that the difference between marketing and factory management is one of degree only, and that cases in factory management may be stated effectively if effort enough can be put into the research behind the preparation and presentation of them.

Use of Cases for Teaching Business

In the use of business cases in teaching, certain differences appear as compared with the teaching of law. The business case generally differs from the law case in that it contains no statement of the actual decision reached by the business man. Moreover, the methods of approach by which decisions are reached are in most instances not included in any reasoned opinion similar to the opinion of the court,

and generally business cases admit of more than one solution. Enough careful analyses should be incorporated in the cases as stated to guide the student in method. In using such cases it is clearly undesirable to include comprehensive analyses in all or even in most instances, but recent classroom experience with business cases leads to the conclusion that an increasing use of analytical material is highly desirable. These differences caused some concern in the beginning, and in practice they clearly impose on the teacher of business a definite obligation to finish the classroom discussion of each case with a clean-cut summary of the reasons and analogies which appeal to him as most important for its solution. When this is done, the frequent complete absence of analytical guides in the cases has important advantages. Among these is the practical compulsion to independent thought by the student before the problem is taken up in class. Unquestionably both the technique of presenting cases for classroom purposes and classroom methods will develop through experience into something quite different from present practice. It is nevertheless clear that the case system as we now know it represents a substantial advance over our previous methods, and that it should be extended rapidly into nearly all business subjects. The accomplishment of this purpose requires the expenditure of considerable sums of money or, in the alternative, an otherwise unnecessary delay of years.

The case system of teaching law has been criticised on the ground that, as a result of the primary emphasis on analytical training and of the slower nature of the Socratic process as compared with the textbooks and the lecture, much less ground is covered; and that in fact the content of the law is unduly subordinated to this training of the mind. There is hardly room to doubt that the adoption of the case approach to teaching any subject will rapidly and inevitably change the emphasis from giving the student a content of facts to giving him control of the subject. This result in legal teaching, the exponents of the system consider one of the most desirable effects obtained. The criticism appears to have even less weight as applied to business teaching than to legal, for it is clearly impossible by any method of training to transmit to the student more than a comparatively small fraction of the facts of business. But certainly if a business school fails to give a training which fits the student for the handling of new business facts and new relationships, it fails to justify its existence. Moreover, it is at least questionable whether the informational content of business cases may not be developed to such an extent that the student in a natural and even incidental way gains a real comprehension of more business facts and practices than he could gain by any of the ordinary methods.

The Effect of the Case System on the Student of Business

Unquestionably, under the case system, unless a comprehensive group of general introductory lectures on the law as a whole and on its more important principles is placed at the beginning of the curriculum, the student passes through a period of uncertainty and confusion, and he may never secure a general perspective of the subject. There is danger that the forest may be lost in the trees. This criticism is not considered seriously by most exponents of the case system in teaching law, but as applied to teaching business, it is well taken, and in any adaptation of the case system to this field, it should be met effectively.

Two approaches appear possible. For one, an introductory course on the scope and principal divisions of business may be inserted early in the course of study. For the other, however, it appears probable from existing experiments that the problem may be more effectively met by an adaptation of the case system itself. One of the advantages of the plastic nature of the material of business cases is the ease with which such experiments may be tried out.

In our own experience even before the case system was started, it was evident that new students did not, until they had spent at least a year studying business, come to realize its nature as a correlated subject. On the contrary, the typical first-year man at the end of the year seemed to have studied his individual courses with little conception of their interrelation. Accounting was to him simply accounting, and finance only finance. He had no clear understanding of the usefulness of factory management training for the accountant. He wished in far too many cases to make himself into a narrow specialist.

This failure to see the interrelations of business was not noticeable to any considerable extent in the second-year group, largely through the effect of a course in Business Policy which has always been given on the case system. This course consists of a long series of problems presented by business men who are unaware of the arbitrary divisions of the subject-matter of business adopted for convenience in teaching and who therefore submit problems which customarily go across the subject-matter of various courses. Out of such problems the men rapidly gain a conception of the interdependence of business subjects.

By including in the first year an introductory course on the scope of business this situation might be changed. Such a course is not practicable with us because of the pressure of more important courses. Yet there is great need that men should from the beginning of their work build toward a coördinated structure of training rather than toward isolated units whose interrelationship is beyond their vision. In the effort to bring about this condition we give the first-year class imme-

diately after their arrival a very complicated business case which should for its solution depend upon the subject-matter of a large part of the courses given in the school. Of course such a problem is beyond the capacity of every man in the class. It nevertheless is presented for their consideration and after a careful study by them discussed by the instructor. This discussion serves as an object lesson in the preliminary analysis of a complicated business problem, and at the same time brings out the relation of the problem to the different courses. In this way the student at once realizes how the individual courses in the school work together as a preparation for the solution of a single executive problem while at the same time he acquires a more adequate conception of the general and interlocking nature of business problems.

Similarly it is probable that scope problems may be devised as introductions to specialized courses, so that the student, before he begins studying cases which are developed under a detailed classification of a subject, may see the subject as a whole in a general perspective. Moreover, in this way a problem of large and almost unwieldy scope may be presented in perspective before it is divided for detailed consideration into a group of cases under a classified outline. Promising beginnings have been made in this direction. If this perspective view of a whole curriculum or of a whole subject is practicable, the saving of time and the increase in interest over the approach to the same object through introductory lectures will be considerable.

So far as the students are concerned, our experiments with the case system have resulted in the development of an intensified interest in their work and far greater personal initiative in thinking out business problems.

The case system, therefore, is as clearly desirable in teaching business as in teaching law, and it is probable that in the long run the necessity of creating teaching material instead of taking it ready-made from reported decisions will find its compensations in the ultimate greater ease of adapting the material to educational ends.

There remains the problem of the teacher. Unquestionably the give and take of classroom discussion, with a class intensely alive to the subjects involved, places on the instructor a corresponding but exceedingly stimulating burden. It is also clear that the lack of authoritative discussion and conclusions like the opinions of the law courts burdens him with a definite obligation to summarize the cogent arguments which impress him as most important. Otherwise the discussion will lack definition and the student will fail to benefit to the utmost. Analytical manuals to accompany case books in business should be made available for teachers. These manuals will probably be most effective if they suggest topics for discussion under

the several cases rather than if they attempt to give direct and dogmatic solutions. Since business cases in particular will in most instances lend themselves to several types of approach, it is generally desirable to avoid any claim to ex cathedra conclusions. Teaching under the case system is in fact very like business conference, where the leader is endeavoring through discussion with his associates to arrive at a sound conclusion. It is this realistic element which is largely responsible for the interest both of the instructor and of the students. In our experience, the teaching difficulties are for most men less serious than the difficulties of effective lecturing.

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A PROPOSED PROGRAM OF SOCIAL STUDIES IN THE SECONDARY SCHOOLS

The committee of the American Economic Association on the teaching of economics presents as a basis of discussion by members of the Association a proposal for social studies in the secondary schools.¹ The members of the committee hope that they will receive many criticisms and suggestions, and that, guided by these, they may be able to continue their study to better advantage.

The committee has chosen to present for discussion a program which refers primarily to the work of the junior high school. It has emphasized this *one* field because of its belief that a single, clear-cut proposal will facilitate discussion of fundamental issues rather better than several proposals. It has chosen this particular field partly because the 6-3-3 organization seems likely to be the dominant secondary school organization of the future and partly because the coming in of the 6-3-3 organization gives an opportunity to work out a plan in the junior high school that will not be too greatly hampered by custom and tradition. Then, too, it is not difficult to derive a program for the orthodox four-year high school from the program of the six-year junior-senior high school in case one is primarily interested in the four-year plan. The committee has, indeed, made certain suggestions on page 74, for a four-year program.

It will facilitate study of the proposal of the committee to set forth at this time the considerations which were in mind during its formulation. Briefly stated, these considerations were as follows:

1. The organization of social studies in the public schools should be in terms of the purpose of introducing those studies. Their purpose is that of giving our youth an awareness of what it means to live together in organized society, an appreciation of how we do live together, and an understanding of the conditions precedent to living together well, to the end that our youth may develop those ideals, abilities, and tendencies to act which are essential to effective participation in our society. The range of this statement is very broad. For example: the contribution of knowledge and physical environment to our social living is quite as worthy of attention as are the principles of economics or government. Parenthetically, it may be noted that "awareness," "appreciation," and "understanding" come only when descriptive facts are presented in their relationships.

¹The membership of this committee is as follows: E. L. Bogart, E. E. Day, J. E. Hagerty, W. H. Hamilton, W. H. Kiekhof, W. D. Lewis, M. S. Wildman, L. C. Marshall (Chairman). Messrs. Hamilton and Wildman were not able to be present at the conference of the committee.

2. The question should not be "how to put the social studies into our curricula" but "how to organize our curricula around social objectives." The social studies should be the backbone of secondary education, with which all other studies and school activities should be closely articulated according to their contributions to the social objectives of education. Since each individual must be a citizen and as such must participate in group action, the social studies should be represented in each grade of education, and every pupil should have at least one unit of social study in every year of the school course. As for the specific junior high school courses mentioned below on pages 69-73, there is no attempt to decide whether they should be unit courses or half-unit courses. Possibly they should be so drawn as to make either arrangement possible according to local needs and resources.

It is essential that we free our minds from any such issue as the claims of history *vs.* those of economics, *vs.* those of government, *vs.* those of sociology. Those claims will largely disappear in any vital discussion of the contribution of social studies to our social living. These branches of social study are not separable, save for the purpose of emphasizing some particular point of view on social living.

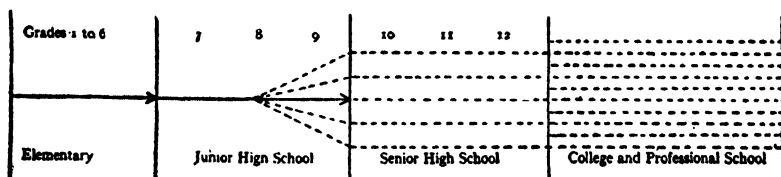
3. The social studies should be directed toward an understanding of the physiology rather than the pathology of social living. This does not mean that pathology is to be disregarded, but it does mean that it should not occupy the center of attention. Such a position does not reject the "problem method" of instruction. That method should be quite freely used; but it should be directed toward understanding the physiology of society. The center of attention should be our social living in this country and how it came to be what it is. Just what should occupy this center of attention is the essence of the problem. There will presumably be put in the background of attention (but it is still in the field of attention) some material now occupying a prominent place in our social studies. Such background material should be presented (a) in required courses only to the extent to which it contributes significantly to the understanding of our social living and (b) in elective courses.

4. Any program of social studies which hopes to be successful must be drawn with consideration for vocational curricula. This suggests no conflict of interests. Men *work* together in organized society. Vocational training will be greatly improved—even as a "money-making" matter for the individual—by the right kind of social study backbone.

5. The program of social studies which is drawn with recognition of the great losses in our student constituency in certain years seems

likely to accomplish the greatest good for the greatest number, provided this does not mean too great weakening of basic training. It will be found that the program later suggested is drawn with this situation in mind and that it does not neglect to provide for continuity and progression.

6. The reorganization which is now in process in our educational system (which opens up the seventh and eighth grades for the introduction of new material) justifies a somewhat daring attempt to think through, as a coherent whole, our presentation of secondary social studies, without too much regard for traditional claims or customary practices. More specifically, there is here an opportunity to introduce *social study* rather than specialized branches of social studies. This reorganization also makes it wise for us to plan our curricula so as to enable us to realize the educational possibilities of the new organization. Properly understood, this so-called 6-3-3 or 6-6 arrangement or any other comparable plan means far more than the administrative device of taking two years away from the elementary school and bestowing them upon the high school. It contemplates the entire reorganization of the curriculum to the end that without loss of training (its advocates claim there will be a gain) two years of time may be saved and students may be carried by the end of the twelfth grade to approximately the position now reached by the end of the sophomore year in college.¹



Clearly enough, the movement is on and is on vigorously and the educational system which seems likely to result may be crudely represented by the above diagram. A fairly coherent and unified system of training in fundamental processes in the elementary schools will be followed by the junior high school, in which it is at least desirable that the basic consideration shall be training in citizenship, with the beginnings of specialization occurring only in the later stages of that school. This will be followed by the senior high school in which, parallel with the college-preparatory course so called, will certainly go very considerable ranges of vocational training. The college and the pro-

¹Preliminary experiments have already been conducted in this field with the result of saving one year of time, and experiments are well under way to bring about the saving of another year.

fessional school will receive the graduates of the senior high school, who will bring an equipment comparable with that possessed by the present junior in college, if the reorganization works out successfully.

7. An effective program of social studies will be organized in terms of the psychology of learning. The average child of the seventh grade is at least beginning to have a social consciousness. His mind is reaching out to understand his relationships to other people and to society as a whole. The fact that he is not aware of his developing attitude does not interfere with making use of this interest.

The unfolding of the social studies should not be too rapid to allow the student to build up an apperceptive basis for his thinking. Accordingly the program suggested passes (1) from a seventh grade discussion of *types* of social organization and some *conditioning factors* of the types, (2) through an eighth grade survey of the *development* and *practices* of our modern social organization, (3) to a ninth grade discussion of *principles* of social organization, and (4) ultimately to a senior high school discussion of social science material in somewhat more specialized terms. Such a development will contribute markedly to "giving our youth an awareness of what it means to live together in organized society, an appreciation of how we do live together, and an understanding of the conditions precedent to living together well, to the end that our youth may develop those ideals, abilities and tendencies to act which are essential to effective participation in our society."

8. The program of social studies which is drawn in such a way as to minimize administrative difficulties will, other things being equal, be most rapidly introduced.

So much for background considerations. As a statement prefatory to the junior high school proposal, it is assumed that in the first six grades students have acquired certain tools and methods of study, and that they have been given a body of material in history, community civics, and geography which will serve as a foundation for the studies suggested below. It is recognized that the successful introduction of such a junior high school program as is sketched below would in time influence rather profoundly the work of the first six grades. But that is another story.

A Summary View of the Proposed Junior High School Program.

It will facilitate later discussion to present at this point, without explanation or supporting argument, a summary view of the proposal as a whole. This summary view will present, in specific terms, only the work in social studies.

- A. The seventh grade:
 - 1. Geographic bases of United States development
 - 2. Social science survey (types of social organization)
 - (a) Simple industry and simple society
 - (b) The transforming effects of scientific knowledge
 - 3. Other studies, correlated so far as may be practicable with the social study material.
- B. The eighth grade:
 - 1. The opening of the world to the use of man
 - 2. Vocational survey (presented in functional terms so that it may contribute to an understanding of *our* type of social organization)
 - 3. Other studies, correlated so far as may be practicable with the social study material.
- C. The ninth grade:
 - 1. The history of the United States (presented with "citizenship material" occupying the center of attention)
 - 2. Principles of social organization (economic, political, social)
 - 3. Other studies, correlated so far as may be practicable with the social study material

A Detailed View of the Work of the Seventh Grade

The work of this grade sets out consciously to "give our youth an awareness of what it means to live together in organized society, an appreciation of how we do live together, and an understanding of the conditions precedent to living together well." Its emphasis is upon the first and third of these propositions, without at all neglecting the second. The survey of types of social organization in simple societies emphasizes the first; the survey of the transforming effects of scientific knowledge, the work in geography, and the work in science (which will presumably be given in this grade) emphasize the third. Of course, there is no intention of making a sharp differentiation in treatment. The foregoing statement of purpose may be stated differently. The work of this grade seeks to sweep together, into a somewhat organic whole, the social study work of the first six grades, and to take a further step in *generalized* thinking in the field.

The work in geographic bases of United States development is designed:

- 1. To bring into an organic whole the preceding work in history, civics and geography in such a way as to
- 2. Show the importance of physical environment with respect to conditions precedent to living together well and to
- 3. Prepare the way, in terms of principles, for the work of the next two grades and to

4. Give the student who can go no farther a significant contribution to his "appreciation of how we live together and understanding of the conditions precedent to living well."

The social science survey of types of social organization is designed:

1. To bring into an organic whole the preceding work in history, civics and geography in such a way as to prepare the way, in terms of principles, for the work of the next two grades.
2. To lay a comparative basis for the later more careful survey of the evolutionary development of the functioning social structure.
3. To give the student who can go no farther a significant contribution to his "awareness of what it means to live together in organized society, appreciation of how we do live together and understanding of the conditions precedent to living together well."

The suggested method of presenting this social science survey material is as follows:

1. Present a series of snapshots of simple types of social organization as the life of neolithic man; the life of the Iroquois; the life of nomads; life in a medieval manor; life in a medieval town; life in a modern secluded mountain district; life in a frontier mining camp;

in which the student can see how such matters as education, religion, health, social control, economic activities, etc., (these are only samples) were cared for and can begin to see wherein our ways of caring for such matters are different, if different.

This comparative study should be directed toward bringing out certain concepts, of which the following may be taken as samples, (they are only samples):

- self sufficiency *vs.* interdependence
- customary *vs.* competitive methods
- non-exchange *vs.* exchange society
- non-industrial *vs.* industrial society
- the shifting emphasis in social control
- the modern coöperation of specialists

with the idea of leading the student to "generalize" his knowledge and with the further idea of preparing him for the study of "principles" in the ninth grade.

2. The latter part of the grade is to be devoted to showing the contribution of knowledge "to our living together well" and how that reacts upon the type of social organization. This should be no mere threadbare account of the Industrial Revolution; it should be an account of the transforming effects of science on our ways of living together. Notice that the way has been prepared by the student's work in science, if science is also presented in this grade.

A Detailed View of the Work of the Eighth Grade

There is presumably no need for a detailed statement of the general purpose of the work of this grade. It is obvious that, in addition to caring properly for those who must drop out at the end of the year, this grade must (a) begin to give many students a rational basis for selection of vocations and (b) continue the preparation for the more generalized social study of the ninth grade.

The work in "The opening of the world to the use of man" is designed:

1. To knit together and to build upon the social science survey and geography of the preceding grade in such a way that the student will get as a part of his mental machinery—as tools of which he will make *conscious* use—concepts of change, development, and continuity.
2. In respect to factual background, to give the student some appreciation of the long hard trail the human race has climbed; to let him see the emergence of western civilization, its spread over the earth and its contacts with other civilizations.
3. To give the student the "world background" against which the history of his own country (ninth grade) may be seen in perspective; and to make him "cosmopolitan" and "international" in a wholesome sense of those words.

The vocational survey is designed:

1. To give the student an opportunity (upon which their experience has caused so many school men to insist) to think through *in specific terms* his own possible contribution to social living. Whether this results in his actually "choosing a vocation" matters little, if at all. Out of it, he should get a clearer notion of the qualities making for individual success in the process of social living.
2. To give this, however, not as a set of maxims and precepts and not as a set of "job analyses" but as a survey of the activities (emphasizing here economic activities without neglecting political and social considerations) which are carried on in *our* type of social organization and
3. To do this in such a way that he will get a glimpse of *an economic organization* in which activities are *in terms of social purposes*. By way of illustration, the student who sees the "undifferentiated" medieval trader split up as time goes on into transporter, insurer, financier, seller, etc., will have a different conception of the work of railroads, insurance companies, banks, etc., from the one he would have had after an unconnected study of occupations. In other words, the vocational survey is designed to give the student a more thorough and specific conception of our social organization as it actually operates in our living together.

A Detailed View of the Work of the Ninth Grade

Here, also, a detailed statement of general purpose may be omitted. Looking back over the junior high school curriculum, this year's work seeks to knit together the preceding work (a) in terms of *principles* and (b) in terms of their application to citizenship in our own country. Looking forward to the work of the senior high school, this year's work seeks to pave the way for the more specialized presentation of the social sciences.

The work in the history of the United States (presented with "citizenship material" occupying the center of attention) is self-explanatory, if it be kept in mind that the ideal is that of bringing the social science work of the preceding grades, as well as that of this ninth grade, to a focus in this account of the development of our own social living together. Such a statement indicates the kind of history which is to be presented.

The work in principles of social organization assumes that the student has been given sufficient factual background and has attained a sufficient maturity to enable him to view our social living in terms of *principles* rather than in terms of *types* or of *practices*. It asks the student, to do, *as a conscious matter*, a most fundamental thing, namely, *seek relationships on a scale which will give him an organic view of our social living*. He is asked (so far as he may now be able) to formulate *consciously* the principles of social living which should guide him in later years. It is to be noticed in passing that no such opportunity now exists in any stage of our school curriculum. It is conceivable that the first draft of this will have to be in three parts: (1) economic organization, (2) political organization, (3) social organization not otherwise handled. But it is hoped and expected that it may be done not as three parts but as one unified whole.

A Hint of the Program of the Senior High School

The foregoing presents the material on which the committee particularly covets discussion. It is, however, desirable to show something of the possibilities of such a plan as the student goes on to the senior high school. It is assumed that in each year of the senior high school, some social study work will be required and that the work will be presented in more specialized (scientific?) form than it was in the earlier grades.

The following statement gives merely a suggestion of possible courses in the fields of economics and business. Our larger high schools, at least, might in time offer considerable choice of courses in the fields that we now designate as political science, history, psychology and sociology.

1. The Financial Organization of Society and the Manager's Administration of Finance.
2. The Market Organization of Society and the Manager's Administration of the Market.
3. The Position of the Worker in Our Society and Personnel Administration.
4. The Evolution of Our Economic Society (note that this is vastly more than a "History of Commerce" and vastly more than the typical "Industrial History").
5. Accounting (not merely as bookkeeping but also as an instrument of control in the hands of the executive).
6. Business Law (as a manifestation of social control of business activity and as a facilitating aid of business).
7. Such *technical* courses as may be expedient. An illustration is Shorthand and Typewriting.
8. Theories of Value and Distribution.

A Four-Year High School Program

The Committee desires to emphasize its presentation of a possible six-year junior-senior high school program of social studies, and it therefore passes by the four-year program (notwithstanding the fact that the 8-4 form is still the dominant type of our educational organization) with no comment other than the suggestion that valuable material for a four-year course of social study could be selected from the junior high school program sketched in the preceding pages. Just what would be selected might well vary from place to place according to what had been accomplished in the first six grades.

THE REVENUE ACT OF 1921

The Revenue act of 1921 became law November 23, 1921. It repeals the federal excess-profits tax, the transportation taxes, some luxury and other taxes, reduces slightly the maximum surtaxes upon individual incomes and increases somewhat the personal exemptions of heads of families and dependents, permits net losses of one year to be offset against net income of following years, and provides for the final settlement of tax cases besides making some other changes in the previous statute. The new act is the result of a rather long and spirited contest between those who desired to reduce the rates of the Revenue act of 1918 upon large incomes, profits and wealth and those who opposed such reductions or who, at least, opposed the shifting of greater burdens upon the masses through sales and other taxes.

The passing of the Revenue act marked the end of the extraordinary session of Congress which President Harding called to meet April 11, 1921, for the purpose of revising the federal revenue and tariff laws. Twice before, President Wilson had urged Congress to revise the Revenue act of 1918 but his words fell upon the ears of a Congress dominated by a hostile party which evidently decided that it could enact revenue and tariff laws to its own liking much better after it had secured control of the executive as well as of the legislative branch of the government. With the Republican landslide of November, 1920, the desired control became overwhelming and soon after the inauguration in March the extra session was called.

Before Congress met there was disagreement as to whether the revenue or the tariff bill should be taken up first. The agricultural and industrial depression had become very serious and the complaints of the business classes about heavy taxes, particularly about excess-profits taxes, were growing in magnitude. The urgent request for the revision of the revenue law had been made not only by the preceding Democratic President and his Secretaries of the Treasury and now by the new Republican President and his Secretary of the Treasury but also by nearly all of the Republican leaders in and out of Congress, the press of the country, and an organized propaganda that appeared to have the unlimited financial backing and moral support of the business interests of the nation.

But notwithstanding all of this pressure for tax revision, the Ways and Means Committee postponed the introduction of a new revenue measure until the House had drafted, debated and passed not only the Emergency Tariff but also the so-called "Permanent" Tariff bill. Those conversant with the personnel of the Ways and Means Committee and the interests which it represents could easily have guessed

that the tariff would be taken up before matters of internal revenue in view of the then prevailing circumstances. Significant among these circumstances were the economic depression weighing especially heavily upon the farmers and the persistence of the belief among the "Old Guard" and their naive disciples that the tariff is the panacea for economic ills.

Consequently, it was not until August 15 that Chairman Fordney introduced the revenue bill into the House. It was referred, as a matter of form, to the Ways and Means whose chairman had introduced it, the next day it was reported back to the House, without change, and four days later it was passed by the House. Shortly thereafter Congress recessed for four weeks and the Senate Finance Committee took up the consideration of the bill.

The progress of the bill through the Senate was quite different from that in the House. In the first place, the Senate Finance Committee shelved the consideration of the "Permanent" Tariff bill and undertook to rewrite the revenue bill. Most of its changes were, however, merely in matters of form and phraseology. When the bill reached the floor of the Senate, a real contest began. A number of western Republican senators together with Democrats representing agricultural and allied interests formed what is generally known as the "agricultural bloc" or the "progressive and agricultural bloc." This bloc in combination with the nearly solid Democratic minority in the Senate refused to accept the bill as passed by the House or as proposed with minor changes by the Finance Committee. The chief contests were over the rates of the surtax upon individual incomes, the maximum rates of the tax upon estates, the rates of the income tax upon corporations, the repeal of the excess-profits tax and the adoption of a comprehensive sales tax. This bloc forced its amendments upon the Senate and won over the support of the House on the surtax rates in spite of the urgent but contrary recommendations of the President and the Secretary of the Treasury.

Had this stage been reached early in the session, the contest might not have been interrupted with adjournment. But senators and representatives were doubtless weary and had little hope of a much more satisfactory compromise at that time. Furthermore, it was time that both taxpayers and administrative officers should know certainly what taxes were to be levied upon income and profits, at least, upon those of 1921. Another possible consideration was that a few more days would have run the extra session into the regular session with less excuse for the Congressional mileage of 20 cents per mile between Washington and the homes of the respective members. Consequently, the Senate accepted the conferees' report, the President approved it

and Congress adjourned on the eve of Thanksgiving. The leaders of each of the contesting parties as well as the nation at large had cause to be thankful that the law was no worse than it was.

It was generally understood by everybody even before the elections of 1920 that federal expenditures and tax burdens were to be reduced. There was no real problem in reducing taxes if expenditures could be kept down but nobody seemed able or willing to cut expenditures to such a point that taxes would be light. The interest on the war debt alone amounts to nearly a billion dollars a year, more than the current ordinary expenditures of the federal government before the war. Not only the Navy and the War Departments, but nearly every branch of the government had expanded very greatly during the war and few have been got back to the pre-war status. Nor is there much probability that many of them will ever be got back to such a status.

The total ordinary expenditures prior to the war were about a billion dollars or, if postal expenditures which were offset by postal receipts are excluded, about three quarters of a billion dollars a year. In the fiscal year of 1920 ordinary expenditures were nearly $6\frac{1}{2}$ billions, and in 1921 over 5 billions of dollars.¹ On April 30, 1921, Secretary Mellon estimated that the total ordinary disbursements for the fiscal year 1922 would be \$4,565,877,033, of which it was estimated that \$3,700,000,000 should be raised by internal revenues. Accompanying these estimates were recommendations that:

(1) The excess-profits tax should be repealed and the loss in revenue made good by increasing the tax on corporations by 5 per cent and repealing their exemption of \$2000,

(2) The combined normal and surtaxes upon incomes be reduced to about 40 per cent for 1921 and to about 33 per cent thereafter,

(3) The miscellaneous specific-sales taxes and excise taxes, including the transportation tax, the tobacco taxes, the tax on admissions and the capital-stock tax be retained but that the minor so-called "nuisance" taxes on fountain drinks, etc., be repealed,

(4) New or additional taxes such as stamp taxes, or a license tax on the use of automobiles, be imposed so as to bring total receipts from internal revenues up to \$4,000,000,000, unless Congress cut expenditures \$250,000,000 to \$350,000,000, or levied additional levies upon staple imports,

(5) The administrative provisions of the law be simplified and provision made for the final determination and settlement of tax cases.

On August 4, the tariff bills having been passed by the House and the revenue bill being under consideration by the Committee on Ways and Means, Secretary Mellon appeared before the committee with revised estimates and recommendations. In the meantime the Budget bill had been passed and General Dawes had been appointed Director

¹*Annual Report of the Secretary of the Treasury for 1921*, p. 154.

of the Bureau of the Budget. The new estimate of expenditures for 1922 was practically the same as that of April 30 though it was suggested that if a revised tariff bill should become effective about December 31, 1921, it might increase revenues by about \$70,000,000 over the \$300,000,000 that was expected from the existing law in 1922 and by about \$150,000,000 in 1923, fiscal years in each case. Secretary Mellon repeated his former recommendations about surtaxes, corporation taxes, taxes on ice cream, soda fountain drinks, etc., but changed his recommendations relative to transportation taxes which he now suggested might be reduced one half by Jan. 1, 1922, and repealed entirely a year later. At the same time, he recommended additional taxes, increased documentary stamps, a stamp tax of 2 cents on bank checks, an increase of first-class postage from 2 to 3 cents per ounce, an annual federal license tax upon motor vehicles to average about \$10 per vehicle and to be graded according to power, and increases in the taxes upon cigarettes and other tobacco products.

These recommendations brought a storm of protest from the country. President Harding, Secretary Mellon, Chairman Fordney and other party leaders held a conference on August 9 and the next day Secretary Mellon sent Chairman Fordney a new set of estimates which reduced those of the week before by \$350,000,000 and which also suggested that the Treasury would borrow \$170,000,000 through certificates of indebtedness and also try to increase its receipts from the salvaging of war material, particularly in the War Department, the Navy Department and the Shipping Board. The hope was also expressed that additional receipts might be got from a new tariff law to become effective by December 31, 1921,² and that \$3,000,000,000 from internal revenue would be adequate for the calendar year 1922.

Senator Simmons of the Finance Committee characterized the Treasury's suggestion of borrowing \$170,000,000 in order to cut down taxes as "unbusinesslike," "unstatesmanlike," "a smart expediency," a "subterfuge," and a "reprehensible method of meeting the financial obligations of the government." Referring to the further cut of \$350,000,000 in expenditures as outlined in the conference of administration leaders he charged that the authorized appropriations still stood, that no revocation of the authorization for the payment of these amounts had been proposed and that it was safe to assume that they would be expended, and that if any technical savings were realized that they would have to be taken care of in a deficiency bill.³

²The "Permanent" Tariff has not yet been passed. Changes in economic and international conditions make the problem a very difficult one and party councils have been divided as to what is wise politically in view of the approaching elections.

³Senate Report, no. 275, 67 Cong. 1 Sess., part 2, p. 5.

FEDERAL RECEIPTS AND EXPENDITURES, 1913-1915 AND 1920-1923.¹
(In millions of dollars.—Estimates for 1922 and 1923.)

Fiscal year	Customs		Internal revenue collections								Total ordinary		
	Receipts	Tobacco	Distilled spirits and fermented liquor	Income and prof- its tax and cor- poration capital stock	Transpor- tation telegraph, telephone etc.	Estate tax	Special sales— taxes— manufactures, consumers, dealers, beverages, soft drinks, etc.	Stamp	Ad- missions and dues	Miscel- laneous	Total internal revenue	Receipts	Disburse- ments
1913	\$319	\$77	\$230	\$35						\$2	\$344	\$724	\$725
1914	292	80	226	71						2	380	734	735
1915	210	80	224	80				\$23		8	416	696	761
1920	324	296	140	4,050	\$289	\$104	\$319	88	82	40	5,408	6,695	6,482
1921	308	255	83	3,310	302	154	282	76	96	38	4,595	5,625	5,538
1922	275	250	60	2,185	162	150	224	58	95	30	3,214	3,968	3,993
1923	330	250	60	1,790	27	150	188	46	80	20	2,611	3,345	3,513

¹Annual Report of the Secretary of the Treasury for 1921 (on basis of daily Treasury Statements).

Senator Penrose⁴ estimated that the bill as agreed to in conference and later approved would yield \$3,216,100,000 in the fiscal year 1922 and \$2,611,100,000 in the fiscal year 1923. He estimated that the receipts would exceed expenditures by \$16,000,000 in 1922 but said it was impossible to make an accurate forecast for 1923.⁵ The accompanying table shows the actual receipts and expenditures for three pre-war years, for 1920 and 1921, and also the estimates of the Secretary of the Treasury for the fiscal years 1922 and 1923.⁶

The Revenue act of 1921 follows very closely the Revenue act of 1918. As has been said, the latter act "was repealed with certain exceptions and then reenacted with certain changes." Senator Smoot, although dissatisfied with the bill, said in criticizing its critics, "When the bill becomes law it will be the present revenue baby merely dressed in pink instead of red." A comparison of the main sections or "titles" into which the two laws are divided shows no complete changes and partial changes in only three of the fourteen titles.

A brief discussion of some of the more important changes in each of the several titles or sections may be of profit.

Title I—General definitions. Some references to the "present war" which were contained in the Revenue act of 1918 are omitted from the new act but no very significant changes appear to have been made.

Title II—Income tax rates. Perhaps the hardest fought contest during the entire session of Congress was over the surtax rates of this title. The rates of the normal tax, 8 per cent upon net incomes in excess of \$4000 per year and 4 per cent on smaller ones, remain unchanged, though there was some attempt to lower them. The increase of the personal exemption for the heads of families from \$2000 to \$2500 where family net income does not exceed \$5000 and of that for children under eighteen and other dependents from \$200 to \$400 per year does in effect, however, result in reducing normal taxes but not surtaxes. It is estimated that the former will reduce Treasury receipts by \$40,000,000 and the latter by \$30,000,000 a year.⁷

As mentioned above Secretary Mellon recommended that the maximum of the combined income tax rates be cut from 73 per cent (8 per cent normal plus 65 per cent surtax) to 40 per cent for the current fiscal year and to 33 per cent for succeeding years. With the retention of 8 per cent as a normal rate, this would mean a surtax of 32 per cent for the current year and 25 per cent thereafter. Senator

⁴Senator Penrose died Dec. 31, 1921, after this was written.

⁵*Congressional Record*, Nov. 22, 1921, pp. 8992ff.

⁶*Annual Report of the Secretary of the Treasury for 1921*, p. 12.

⁷*Cong. Record*, Nov. 23, 1921, p. 9078.

⁸House Report, no. 350, 67 Cong., 1 Sess., p. 3.

Smoot stated that the rate of 32 per cent was not merely guessed at but that it was a scientific rate or, rather, "a mathematical calculation. The reason is because 32 per cent is the difference between the income from a tax-exempt security and one that is taxable on the basis of today's money market." The Ways and Means Committee, the House and the Senate Finance Committee accepted this recommendation which it was estimated would cause a loss of \$90,000,000 in Treasury receipts. The Secretary of the Treasury and others argued, both before and after the law was passed, that this reduction in rates would ultimately cause no Treasury loss but rather a gain because of its effect upon business.

In spite of the reductions which had been agreed to before the bill came up for debate in the Senate, the agricultural bloc forced the Finance Committee and the Senate itself to raise the maximum surtax rate from 32 per cent on the bracket of incomes over \$66,000 to 50 per cent on the bracket over \$200,000. The Senate, under the compulsion of the bloc, changed only slightly the House rates on incomes of less than \$66,000 which were exactly the same as the rates on those brackets under the act of 1918, but it did thus materially modify rates on the brackets of income above \$66,000 and it also postponed for one year the time for the new rates to take effect, leaving the rates of the old law effective for incomes received in the calendar year 1921 upon which taxes are paid in the calendar year 1922. When the bill was sent to conference, the majority managers for the Senate let the majority managers for the House know that they would be willing to accept a compromise of a 40 per cent maximum for surtaxes. These Senate managers were really not in sympathy with the majority of the Senate which they were supposed to represent and it would have been easy to have thus accomplished their own desires by a compromise had it not been that by this time the sentiment in the House had changed in favor of higher surtaxes than had originally been voted in that body. Consequently, the House instructed its conferees to recede from its proposed maximum of 32 per cent and to accept the Senate proposal of 50 per cent, in spite of very strong pressure from President Harding and other administration leaders for a lower rate.

In the debates on this and other sections of the bill there were many charges of attempting to "soak the rich" or, on the other hand, of favoring the rich with low rates. The Senate Finance Committee stated its argument in part as follows:

Your committee recommends a reduction of the maximum surtax from 65 per cent to 32 per cent in the belief that in the near future the lower surtax will, by stimulating sales and profit taking, and by making possible

¹*Cong. Record*, Nov. 23, 1921, p. 9074.

transactions now blocked by excessive surtax rates, not only facilitate needed business readjustments but actually increase the revenue. In the long run in the opinion of your committee the 32 per cent rate will yield more revenue than the 65 per cent rate. The effect of excessive surtaxes in forcing the investment of capital in tax-free securities and in encouraging taxpayers to avoid the tax through the device of gifts, division of their income, refraining from profitable sales, and placing their money in investments which promise well for the future, but yield no immediate return, is clearly brought out in Table B following, which shows the decline in incomes over \$300,000 from the year 1916 to the year 1919. During this period the number of taxpayers and the amount of net income returned by the general body of taxpayers greatly increased. But this was not true of the wealthier classes.¹⁰

TABLE B.—DECLINE OF INCOMES OVER \$300,000.¹

	Number of returns		Net income		Income from dividends, interest, and investments.	
	All classes	Incomes over \$300,000	All classes	Incomes over \$300,000	All classes	Incomes over \$300,000
1916	437,036	1,296	\$6,298,577,620	\$992,972,986	\$3,217,348,030	\$706,945,738
1917	3,472,890	1,015	13,652,383,207	731,372,153	3,785,557,955	616,119,892
1918	4,425,114	627	15,924,639,355	401,107,868	3,872,234,935	344,111,461
1919	5,332,730	679	19,859,491,448	440,011,589	3,954,553,925	314,954,884

¹Senate Report, no. 275, 67 Cong., 1 Sess., p. 5.

Secretary Mellon presses the argument still further in his annual report for 1921.¹¹ He says:

If we take the taxable income from interest, exclusive of interest on government obligations, the decline is still more striking, the figures being as follows:

Fiscal year	Incomes		
	Over \$300,000	\$100,000 to \$300,000	\$50,000 to \$100,000
1916	\$165,733,900	\$158,870,428	\$93,280,583
1917	111,468,127	119,539,786	75,375,484
1918	74,610,507	91,030,392	65,784,062
1919	60,087,093	91,467,182	68,814,933

The foregoing brackets represent the incomes subject to surtaxes under the Revenue act of 1918, respectively, at 63 to 65 per cent, 52 to 63 per cent and 29 to 48 per cent. To these figures should be added the normal tax of 8 per cent in order to find the total tax obligation.

¹¹Senate Report, no. 275, 67th Cong., 1 Sess., pp. 4 and 5.

¹²P. 21.

In view of these figures, is it not clear that these high surtax rates are rapidly ceasing to be productive of revenue to the government? And is it not equally clear that their effect has been to divert into unproductive channels not merely the income on old investments, but to force a large part of the old investment capital into unproductive channels?

In reply to a previous but similiar statement of Secretary Mellon, Mr. Kitchin, the ranking Democratic member of the Ways and Means Committee, made the following typical statement in his minority report to the House:

Let no man be deceived by this statement. The last report of his Commissioner of Internal Revenue of July 12 shows that it is absolutely untrue. *The fact is that for each year since 1916, including the years 1918 and 1919, when the existing high surtax rates applied, there has been a gradual increase of millions in collection of taxes from incomes from \$50,000 upward.* In 1919, with the existing high rate on big incomes, were collected \$283,000,000 more on incomes of \$50,000 and up than were paid in 1917, with lower surtaxes, and collected \$586,000,000 more in 1919 than in 1916, with still lower surtax rates. Another reason he and the Republicans give for the reduction is that the millionaires and multimillionaires with big incomes, on account of the high surtaxes invested their money in tax-free securities such as state and municipal bonds, and thus reduce the taxes on incomes from bonds, etc.

Let no one be misled by this statement and argument. The fact is, that according to the reports of the Commissioner of Internal Revenue since January 1, 1916, including the report of the present Commissioner of Internal Revenue of July 12, in 1919, with the existing high surtax rates, *the total net income from "interest on bonds, notes, etc.," was \$564,000,000 more than in 1917, with much lower surtax rates, and \$500,000,000 more than in 1916, with still lower surtaxes.* So it seems that with high surtax rates we have had an increased income from interest on bonds, etc. However, even if the millionaires and multimillionaires were putting their surplus income into state, county, and municipal bonds, are not the people of the states and counties and municipalities thereby benefited by getting a higher price for such bonds, and do not the proceeds from these state and municipal bonds go more directly for the benefit of the people than the taxes of the federal government? With the proceeds do not they build public roads, which the people in the states, counties, and cities see and use every day; do they not go to build public schools all over the states, counties, and cities, which the people directly use; and do they not go to the building and maintaining of the eleemosynary institutions of the states, which benefit the people directly more than in spending the money from federal taxes for large standing armies and big navies?"

Surtax rates adopted. The surtax rates adopted in the new law for incomes received beginning January 1, 1922, start at 1 per cent, upon the amount by which the net income exceeds \$6,000 and does

²²House Report, no. 350, 67 Cong., 1 Sess., part 2, pp. 10-11.

not exceed \$10,000. With the exceptions that there is no 7 per cent or 14 per cent rate and that the 15 per cent bracket consists of the \$4,000 between \$32,000 and \$36,000, the surtax rates increase by steps of 1 per cent upon each income bracket of \$2,000 until they reach a rate of 47 per cent upon the bracket between \$98,000 and \$100,000. Then the brackets become much larger, the taxes being 48 per cent on the bracket \$100,000 to \$150,000, 49 per cent on the bracket \$150,000 to \$200,000 and 50 per cent on the net income in excess of \$200,000.²³

Following are some of the other more important changes under Title II.

Dividends. The new law states specifically that a stock dividend shall not be subject to tax, thus conforming to the decision of the supreme court in the case of *Eisner vs. Macomber*.²⁴ The same section (201) "provides a general rule for distributions in liquidation and all other distributions otherwise than out of earnings accumulated since February 28, 1913. The rule is that such distributions shall be treated as a partial or full return of cost to the distributee of his stock or shares, and if the stockholder receives more than the cost price of the stock, he is taxable under section 202 [excess of receipts over cost price] with respect to the excess in the same manner as though such stock had been sold."²⁵ Gains accruing prior to March 1, 1913, the approximate date when the income tax amendment became a part of the Constitution, are not to be included in taxable income when stock is sold. It is further provided that a taxable distribution shall be included in gross income as of the date when the cash or other property is unqualifiedly made subject to the demands of the distributee. In other words, such distributions are not taxable to the individual distributee as of the date earned if control is retained in the hands of the corporation until a later date.²⁶

Property acquired before March 1, 1913. Because of the supreme court decisions in the cases of *Goodrich vs. Edwards* and *Walsh vs. Brewster* (decided March 28, 1921) the new law states definitely the rule for determining gain or loss in the case of property which was acquired before but sold after March 1, 1913. Prior to these decisions, the value as of March 1, 1913, regardless of original cost, was considered the basis for determining gain or loss in case of a sale.

²³For rates applicable to the income received in 1921 and preceding calendar years see the June, 1919, issue of this REVIEW, pp. 217 and 218.

²⁴252 U. S., 189.

²⁵Report of the Senate Finance Committee, Senate Report, no. 275, 67 Cong., 1 Sess., pp. 9-10.

²⁶See Senate Report, no. 275, 67 Cong., 1 Sess., pp. 9-10.

The concession of the Solicitor General in the above cases, adopted by the court, was to the effect that gain or loss in every case is to be determined upon the basis of cost or acquisition value and not by the March 1, 1913, value of the property, the gain or loss accruing before that date, however, being excluded for purposes of computing the net income subject to tax."

The new law is more liberal to the taxpayer in providing that cost price or fair value as of March 1, 1913, whichever is the more favorable to the taxpayer, shall be taken as the basis for determining gain or loss except that "if the amount realized therefor is more than such basis [cost] but not more than its fair market price or value as of March 1, 1913, or less than such basis [cost] but not less than such fair market price or value, no gain shall be included in and no loss deducted from gross income."¹⁸ An exception is the case of property which should be included in the inventory where the basis is the last inventory value.

Sale of gifts. A new rule has been made also for determining gain or loss from the sale of gifts. Heretofore the ruling of the Commissioner of Internal Revenue has made the value at the time of acquisition the basis. It is alleged that this has enabled many persons to evade taxes by giving property which has appreciated in value to wives, relatives, or others shortly before making a sale. The new rule is that the basis for determination of gain or loss in the case of property acquired by gift after December 31, 1920, shall be the same as if the property were sold by the last preceding owner by whom it was not acquired by gift. The former ruling seems to hold and to be confirmed by statute in the case of inheritances, however, the phraseology of the new law being: "In the case of such property, acquired by bequest, devise, or inheritance, the basis shall be the fair market price or value of such property at the time of such acquisition."¹⁹ This exception may be justified on the ground that such property may be subject to the inheritance tax and that there is no prima facie evidence of a donation for the purpose of evading the income tax.

Exchanges of property. The recent act makes another provision that is more favorable to the taxpayer, also, in certain cases where property is exchanged for other similar property, especially where the property received in exchange has no readily realized market value or where the conversion is more or less compulsory as, for example, in case of fire, shipwreck, or condemnation of property for public use.

Capital gain. Another change is the definition of and the special

¹⁸See Senate Report, no. 275, 67 Cong., 1 Sess., pp. 9-10.

¹⁹Revenue act of 1921, sec. 202 (b).

²⁰*Ibid.*, sec. 202 (a) (3).

provision for the taxation of capital gain or the deduction of capital loss. During 1921 the United States District Court of Connecticut¹⁰ ruled that an appreciation in capital assets, inasmuch as it was merely an increase in capital rather than income, was not taxable as income under the federal income tax amendment. This decision was in conformity with British practice and some American economists supported it but, if it had been upheld, the administration of the income tax would have been thrown into utter chaos. No one knows how many millions of back taxes that had already been paid and spent would have been thrown into litigation. The effect upon government finances and credit might have been exceedingly serious. But the supreme court soon reversed the decision of the Connecticut court,¹¹ rightly in the opinion of the writer, and the Revenue act of 1921 definitely recognizes and defines the difference between "capital gain" and "ordinary net income" from the latter of which all items of capital gain, capital loss, and capital deductions are excluded.

The ruling of the Commissioner of Internal Revenue has been that a gain such as is now termed a capital gain should be taxable in its entirety as of the date when the sale is made, although the property might have been held and the actual gain might have accrued gradually through a number of years. If the payment in case of sale was a relatively small one, that is, not substantial enough to assure a closed transaction—for example, if it was less than 25 per cent of the total price, the gain might be apportioned over the various years in which installment payments were made. It is obvious that if a sale was made in a year in which tax rates were very high, especially if the seller had a large income which subjected him to the higher surtax rates, a large part, (possibly as much as 73 per cent or more) of the entire increase between cost and selling price might be taken in one year's tax, even though much of the gain might be nominal rather than real because of differences in the purchasing power of money. As a consequence many sales have been held up, business has been hindered, and the government has failed to get taxes where substantial revenue might have been obtained if the rates had been lower.

To remedy this situation in part, the new law provides that capital net gains of individuals may be taxed at 12½ per cent instead of at the higher surtax rates which are applicable to ordinary net incomes that reach the higher brackets, provided that any one who elects to have his capital gains taxed at 12½ per cent shall in no case pay less than 12½ per cent upon his entire net income. In other words, this limitation on the taxation of capital gains is of benefit to no

¹⁰Walsh vs. Brewster, 268 Fed. 207.

¹¹Supreme Court Reporter, vol. 41, no. 13, p. 392, (May 1, 1921.)

individual having a net income of less than \$31,000, for such a person would have to pay less than an average of 12½ per cent any way. The Senate bill provided that only 40 per cent of capital gains should be taxed. This would have been of advantage to people of small means as well as to those with large incomes but this provision was defeated in conference and the provision stated above substituted. Senator Jones of New Mexico, whom few would characterize as one of the radical Democrats of intemperate speech, said of the conferees' change: "Can Senators imagine a more stupendous infamy than such a proposition as that? At the time the conferees of the Senate were appointed, the Senate wanted all to participate alike in the reduction of taxation upon capital gain; but as I think the Senate and the country will believe the conferees carried out the purpose to grant relief through this bill only to those who are profiteering upon the country, who have high incomes, and to put the burden upon those who are less able to pay."²² Apparently the law does nothing to modify the ruling which allots for tax purposes all of the capital gain to the year realized upon, regardless of when or how long it was accruing.

Deductions and exemptions. In the main, the new law allows the same deductions from gross income to arrive at taxable net income as did the previous law. A minor exception is in the case of traveling expenses where the taxpayer may deduct the entire amount expended for meals and lodging while away from home in the pursuit of a trade or business. Only a part of such living expenses was deductible under the ruling of the Commissioner prior to the passage of the present law.

Building and loan association dividends. Another deduction permissible for individuals for each of the five years beginning January 1, 1922, is that of \$300 of interest or dividends received from domestic building and loan associations operated exclusively for the purpose of making loans to members. This provision was severely criticised as a discrimination in favor of investments in building and loan associations and against investments in Liberty bonds, savings deposits, etc. The House bill had proposed an exemption of \$500 a year in such cases. Commenting upon the exemption of the smaller amount, Senator Smoot, one of the conference managers for the Senate, said: "I think it is an outrage. It is unjust. It cannot be defended, in my opinion; but we had to yield [to the House conferees] or have no report. This is what it means: Six per cent on \$5000 is \$300. Therefore, if a man and his wife and six children want to invest \$5000

²²Cong. Record, Nov. 23, 1921, p. 9071.

each in these associations, they can have an exemption of the income from \$40,000."²²

Income of building and loan associations. The above has reference to parts of individual incomes received from building and loan associations. In the part of the law that deals with taxes on corporations, domestic building and loan associations are exempt from the corporation income tax if substantially all of their business is confined to making loans to members. The rather general exemption of building and loan associations under previous income tax laws has led to much complaint on the part of savings banks and others, especially in Ohio and surrounding states where such associations carry on more or less of what is usually considered banking business. The new law attempts to remove this discrimination which was more or less difficult to handle by mere rulings of the Commissioner of Internal Revenue.

Annual net losses carried forward. A much more important provision of the new law than those allowing increased deductions in connection with traveling expenses and building and loan association dividends is that which allows the net losses of a business incurred in one year to be deducted from the taxable net income of the following year or years, effective beginning January 1, 1921. There was a provision somewhat like this in the act of 1918 for any taxable year beginning after October 31, 1918, and ending prior to January 31, 1920, which was meant to take care of the extraordinary inventory and similar losses which were expected to result from the post-war adjustments. But the general rule heretofore has been to consider the income of one year as a unit by itself, entirely unrelated to the income of other years for tax purposes. Over a term of years the net losses of an individual or of a business concern might exceed the total of net gains for the more prosperous years; nevertheless, under most former laws, taxes would have to be paid upon the incomes of the prosperous years. This practice is evidently a discrimination against businesses and individuals with fluctuating incomes as compared with those having equivalent but regular incomes from year to year. The British have met this situation in part by using as a base for tax purposes the average income of the last three years instead of one year only. The change in the act of 1921 is a real improvement because the chopping of income into units of a year is purely arbitrary and merely for convenience. There does not seem to be sufficient reason, however, for confining this provision to losses resulting from the operation of trade or business regularly carried on by the taxpayer. It should apply to all losses where the corresponding gain is taxable. The same might be said of the new provision which prohibits the deduction of losses in case of

²²*Cong. Record*, Nov. 23, 1921, p. 9066.

"wash sales," that is, where stocks are sold to establish losses for income tax purposes and are then repurchased within thirty days.

Liberty bond interest. In concluding the comments upon changes and proposed changes in deductions and exemptions under the new law it might be mentioned that the Senate Finance Committee eliminated from the House bill the provision exempting from the income tax the salaries of the President and federal judges;²⁴ also, that a slight amendment has been made for the purpose of simplifying the very complex exemption privileges accorded to interest on Liberty bonds under the various Liberty Loan and Revenue acts.

Returns. A new requirement is that a return, or statement of income, must be made by "every individual having a gross income for the taxable year, of \$5000 or over, regardless of the amount of his net income." This requirement applies also if the aggregate income of husband and wife is \$5000 or over. The provision of the former law, which is included in the new law, is that a return shall be made by every unmarried individual and, also, by every married individual who does not live with husband or wife, whose net income for the taxable year is \$1000 or over, and by heads of families whose income is \$2000 or over. Where the aggregate net income of husband and wife is \$2000 or over, or where the aggregate gross income is \$5000 or over, each may make a separate return or they may make one combined return. In practice, if the aggregate is large enough to be subject to surtax rates, two returns are likely to be made in order that all or a part of the surtaxes may be evaded.

Title II—Income tax—Corporations.

Title III—War-profits and excess-profits tax for 1921. The income tax on corporations which is a part of Title II and the excess-profits tax which applies to corporations only and which forms Title III can be most profitably discussed together for the reason that the principal change in the former is made in lieu of the change in the latter. In other words, the corporation income tax is increased from 10 per cent to 12½ per cent in lieu of the repeal of the excess-profits tax, both changes applicable to income received after December 31, 1921.

It will be recalled that the Revenue act of 1918 was practically framed before the signing of the Armistice on November 11, 1918, though a number of changes were incorporated after that date and before the final approval on February 24, 1919. On May 20, 1919, soon after his return from the Paris Peace Conference and only three months after the Revenue act of 1918 became law, President Wilson in his message to Congress urged the early revision of the tax laws

²⁴*Commercial and Financial Chronicle*, Sept. 1921, p. 1207.

and mentioned in particular that excess-profits tax rates which were appropriate for war years were not appropriate for a permanent peace time system. He was not in favor of repealing the excess-profits tax, however, saying: "I take it for granted that its [our tax system's] mainstays will henceforth be the income tax, the excess-profits tax, and the estate tax." In his annual message of December 7, 1920, he again urged "immediate consideration of the revision of our tax laws. Simplification of income and profits taxes has become an immediate necessity." At least nine months before this latter date, his Secretary of the Treasury, Mr. Houston, suggested to Chairman Fordney the "fundamental modification or repeal of the excess-profits tax at the earliest possible future date."²

Professor T. S. Adams has been the principal treasury expert and adviser of Secretaries of the Treasury, Ways and Means Committees, and Finance Committees on matters of revenue legislation not only during the previous Democratic administration of eight years but also during the present administration to date. Before the American Economic Association, Professor Adams had previously discussed the excess-profits tax as a new important and permanent source of revenue, but by 1920 or before he was evidently convinced that it should be repealed—chiefly because it worked unequally as between different business organizations and because its administration clogged the internal revenue machinery and indeed threatened its breakdown.³ That Professor Adams' influence has been remarkable is evidenced by the recommendations both of President Wilson's Secretaries of the Treasury and also of President Harding's Secretary as well as by the bill of the Ways and Means Committee and also the bill of the Finance Committee, and this is especially noteworthy in view of the overwhelming political revolution following the somewhat bitter election campaign of 1920. Not all of these recommendations and bills have conformed exactly to Professor Adams' published articles but the internal evidence of his influence is strong in each case.

It will be recalled that the Revenue act of 1918 provided for a corporation tax of 10 per cent upon net income, after an exemption of \$2000, in addition to the excess-profits tax. The excess-profits tax exempted \$3000 plus 8 per cent upon invested capital and then took one fifth of the net income in the bracket between the exemption and a profit of 20 per cent on invested capital, and two fifths of profits in excess of 20 per cent. In arguing for the repeal of the excess-profits

²*Annual Report for 1920*, p. 32.

³*Needed Tax Reform in the United States*, a series of ten articles published in the *New York Evening Post* in the summer of 1920 and later reprinted in pamphlet form, is one of the most informing brief discussions that has been published.

tax, Professor Adams had suggested as a partial substitute a tax of 20 per cent upon the undistributed earnings of corporations and also upon other investments or savings. In conformity with his suggestion, Secretary Houston in a letter of March 17, 1920, to Chairman Fordney and again in his *Annual Report for 1920* recommended a 20 per cent rate upon corporate net income, but suggested also the possible desirability of 25 per cent for the first fiscal year, 20 per cent the second and 15 per cent thereafter. It has been noted above that Secretary Mellon recommended that the corporation income tax rate be increased 5 per cent, thereby making it 15 per cent instead of 10 per cent. The House, however, put the rate at 12½ per cent. Chairman Fordney estimated that the repeal of the excess-profits tax would reduce revenues by \$450,000,000 but that the increase of the corporation tax by 2½ per cent would make up for \$133,750,000 of the loss.

Repeal of excess-profits tax. The Senate Finance Committee recommended a 15 per cent corporation tax but the repeal of the capital stock tax of \$1 per \$1000 of capital. In recommending the repeal of the excess-profits tax, it assumed that everyone was convinced of the desirability of such a change because "whatever may be its theoretical merits, in practice it exempts the overcapitalized corporation, falls more heavily upon corporations of small or moderate size than upon larger corporations, penalizes business conservatism, and places upon the Bureau of Internal Revenue tasks beyond its strength." In confirmation of this statement the committee presented the following table based upon the latest Treasury statistics covering all corporations which made full returns of invested capital:

TABLE A.—AVERAGE RATE OF EXCESS-PROFITS AND INCOME TAXES UPON CORPORATIONS OF DIFFERENT SIZES.¹

(Average size of corporations—measured by invested capital—earning different rates of profit; corporation returns made in 1919.)

Per cent of net income to invested capital	Number of corporations	Invested capital	Average invested capital	Per cent income and profits tax to net income
Less than 5	10,689	\$14,104,248,246	\$1,319,511	10.99
5 to 10	21,869	15,925,632,944	729,229	11.93
10 15	22,684	8,962,689,034	395,111	21.60
15 20	17,388	5,482,627,463	315,311	33.99
20 25	11,987	3,251,948,260	271,290	41.51
25 30	7,743	3,785,581,785	488,904	51.22
30 40	9,050	2,421,285,621	267,545	53.38
40 50	4,807	1,232,173,122	256,329	57.58
50 75	4,911	784,254,745	159,693	62.30
75 100	1,734	205,744,478	118,653	64.24
100 and over	2,194	133,853,470	61,009	67.40
Total	115,056	\$56,290,039,168	\$489,240 ¹⁹¹⁹	37.86

¹Senate Report no. 275, 67 Cong., 1 Sess., p. 4.

The recommendations of the majority of the Ways and Means Committee and also those of the majority of the Finance Committee were violently attacked by the opposition. In his minority report Mr. Kitchin stated:

An analysis of the statistics contained in the detailed report as to corporation incomes and income and excess-profits taxes in the report of the commissioner for the calendar years 1917 and 1918—the 1918 report being the first and only one containing the details of corporate income and income and excess-profits taxes arranged in classes according to the amount of profits each class made—shows that 180 corporations making annually from \$5,000,000 up to \$300,000,000 and over (the Steel Corporation made over \$500,000,000 net profits in 1918) had a net income of \$2,554,000,000, and while paying only \$203,000,000 income tax paid \$848,000,000 excess-profits taxes, while the over 300,000 corporations making from nothing up to \$100,000 net income yearly paid only \$285,000,000 excess-profits taxes.

One thousand and twenty-six corporations, with a net income of \$4,255,000,000, more than one half of the total corporate net income of all the 317,559 corporations, while paying only \$333,000,000 income tax, paid \$1,422,000,000 of excess-profits tax; that is, paid over one half, or nearly two thirds, of the entire excess-profits tax, and \$344,000,000 excess-profits tax more than the remaining 316,500 other corporations.

An analysis of the returns as detailed in the reports of the Commissioner of Internal Revenue since January 1, 1916, up to and including the present commissioner's report of July 12, 1921, will show that corporations in the United States made net profits to January 1, 1921, in round numbers \$50,000,000,000—to be more exact, \$47,000,000,000. *After deducting all the taxes they paid since January 1, 1916, income, excess-profits tax, and other war taxes, they have a clear profit left of \$33,000,000,000, more than four fifths of which was made by less than 10,000 corporations, and more than half of which was made by 1,026 of the big profiteering corporations, which includes the Steel Trust, the Bethlehem Steel Co., the Dupont companies, the various Standard Oil Companies, the coal combine, the woolen trust, the meat packers, etc.*

I trust no Democrat will join with the Republicans in this monstrous scheme. The 12½ per cent flat tax on corporations, even retaining the present exemption of \$2,000, will increase the tax of the smaller and weaker corporations (which number about 250,000) making 6, 7, and 8 and 10 per cent on invested capital at least 50 per cent and decrease the taxes of these big profiteering corporations from 33 1-3 to over 50 per cent which make 20, 30, 40, and 50 per cent, and over, on invested capital, which corporations number less than 10,000."

Many others in both House and Senate made statements of similar tenor.

The motion of Senator Reed of Missouri to retain the excess-profits tax was rejected by a vote of 39 to 28, 24 Democrats and 4 Republicans

²House report, no. 350, 67 Cong., 1 Sess., part 2, pp. 2-4.

voting for it. The Senate next rejected a motion to retain the tax at about half the former rates. On October 26, the Senate voted to repeal this tax upon income received after December 31, 1921, instead of making it effective on the income received in 1921 as favored by the leaders of the Finance Committee and many others. All Democrats and six Republicans voted against this repeal. Senator Reed then proposed that there be an excess-profits tax of 20 per cent on the bracket of profits between 15 per cent and 50 per cent and a 40 per cent tax on profits over 50 per cent. This was rejected, 42 to 31, whereupon he proposed a tax of 20 per cent upon profits in excess of 50 per cent. This was rejected 42 to 33, eight Republicans voting for it.²² About the time the American Legion was in session at Kansas City, Senator Reed sustained his reputation as gadfly of the Senate by proposing to retain the excess-profits tax in order to finance a soldiers' bonus. This probably caused some senators uneasiness about their records but was rejected, 39 to 28.

Corporation tax rate. The rate of the corporation tax was more in doubt when Congress began revenue revision than that the excess-profits tax would be repealed. Senator Jones of New Mexico proposed that instead of a 15 per cent flat rate there should be a graduated tax on the undistributed profits of corporations, 8 per cent on the first 10 per cent of net income with rates gradually increasing up to 56 per cent on amounts of income over 60 per cent. This was rejected, 45 to 24, four Middle Western Republicans voting for it and three Democrats opposing it. Then Senator Simmons proposed that in addition to a flat tax of 15 per cent, there should be a graduated tax averaging about 9 per cent on the undistributed profits of corporations which he estimated would yield about \$60,000,000. Senator Walsh, Democrat of Massachusetts, proposed a graduated tax of

10	per cent	on the first	\$100,000	of corporate	net income				
15	"	"	"	"	next	200,000	"	"	"
20	"	"	"	"	all over	300,000	"	"	"

This and another somewhat similar amendment were rejected by very close votes, 33 to 32 in the first case. Such a provision would not have required the determination of invested capital which was one of the greatest difficulties under the act of 1918.²³

A more or less general sales tax was another substitute that was proposed in lieu of excess-profits tax instead of increased corporation income taxes. This proposal had the support of an immense propaganda in the press of the country; in fact, this propaganda appears to have almost unlimited financial backing. Secretary Mellon in his letter

²²*Commercial and Financial Chronicle*, Oct. 29, 1921, p. 1837.

²³*Commercial and Financial Chronicle*, Nov. 5, 1921, p. 1937.

of April 30, 1921 to Chairman Fordney stated that he was not prepared to advocate a sales tax, but, shortly before the Finance Committee took up the consideration of the bill, Senator Smoot proposed a manufacturers' sales tax of 3 per cent. This was not something new; in 1918 he had proposed a one per cent sales tax upon consumption goods which he estimated would raise practically our entire revenue. In his proposal of last August the sales tax was not to take a rôle quite so important and exclusive as in his previous proposal, but even in this case it was to be the largest of his six sources of taxation. His plan, which would so simplify our complex revenue laws that "anybody can make out his tax return," which would "do away with about two thirds of the employees in the revenue service" and thus result in a saving of perhaps \$25,000,000, was as follows:³⁰

Income taxes (maximum rate 32 per cent).....	\$830,000,000
10 per cent on net corporation profits.....	445,000,000
Tobacco taxes (present rates).....	225,000,000
Estate taxes	150,000,000
Import taxes (tariff)	400,000,000
Manufacturers' sales tax (3 per cent).....	1,200,000,000
Collection of unpaid taxes, salvage, etc.....	615,000,000
	<hr/>
	\$3,895,000,000

Senator Moses in urging the adoption of the Smoot manufacturers' sales tax said that it would "strike down the vicious principle of graduated taxation which appears in the pending tax bill, and which is but a modern legislative adaptation of the Communistic doctrine of Karl Marx."³¹

This proposal met so much opposition, especially from the agricultural bloc, that Senator Smoot reduced the rate from 3 per cent to 1 per cent. This was rejected November 3 by a vote of 43 to 25, all voting in favor being Republicans while the opposition was made up of 17 Republicans and 26 Democrats. The next day Senator Smoot's substitute of a business sales tax of one half of one per cent on gross sales exceeding \$6000 a year was rejected by a vote of 46 to 25. This time the Democrats in opposition were joined by 22 Republicans. "According to Washington press dispatches this was regarded as ending the effort to include a sales tax provision in the pending revenue measure."³² In what was termed Senator Smoot's "final plea" for the adoption of his amendment he said that three fourths of the people of the United States were in favor of the sales tax. This state-

³⁰*Commercial and Financial Chronicle*, Sept. 3, 1921, p. 1005; and Oct. 8, 1921, p. 1529.

³¹*Ibid.*, Oct. 22, 1921, p. 1728.

³²*Commercial and Financial Chronicle*, Nov. 5, 1921, p. 1937.

ment was challenged by Senator Lenroot of Wisconsin who declared that the farmers and organized labor were against it and that the manufacturers would be against it when once they understood the proposition. He forecasted and later Chairman Fordney confirmed his statement that a sales tax would be introduced during the regular session of Congress as a means of financing a soldiers' bonus.³³

But those who thought the sales tax was dead did not know Senator Smoot very well. "At Monday's session of the Senate (November 7) which was extended to the early morning hours of the 8th, Senator Smoot again brought up his sales tax plan, this time offering his original proposal calling for a 3 per cent manufacturers' levy, with a 10 per cent corporation tax, a 32 per cent maximum income tax and a capital stock tax."³⁴ Earlier he had argued that since a sales tax was to be adopted in connection with the soldiers' bonus, he thought it would be wise to put it into effect now in order to determine the rate that would be necessary to yield the money needed. This last proposal was rejected without a record vote.

Shortly after the rejection of this midnight proposal (at 1:35 a. m. November 8) the Senate passed its revenue bill which was then sent to conference. In lieu of the repeal of the excess-profits tax it agreed to raise the corporation income tax from 10 per cent to 15 per cent, both changes effective on income received after Dec. 31, 1921. In the conference, however, the Senate managers receded and accepted the House bill rate of 12½ per cent though the House conferees accepted the Senate proposal to withdraw the specific exemption of \$2000 in case of corporations having net incomes in excess of \$25,000. Senator Jones in criticizing this action said that there was no reason why the wealthy could not now incorporate and never pay more than a 12½ per cent tax, though in introducing the bill Senator Penrose made a special point in his report that it provided that, if any corporation is formed or availed of for the purpose of evading the surtax upon its stockholders by permitting profits to accumulate instead of being distributed, the stockholders shall be taxed in the same manner as partners.³⁵ The administration of such a provision is obviously very uncertain and difficult.

Though the new law follows the old law substantially in most other matters relating to corporations, there are a few other changes and proposed changes that will be mentioned.

Foreign traders. The Senate Finance Committee retained the proposal of the House bill to tax American "foreign traders" and "foreign

³³*Ibid.*, Nov. 5, 1921, p. 1937.

³⁴*Ibid.*, Nov. 12, 1921, p. 2037.

³⁵See Senate Report, no. 275, 67 Cong., 1 Sess., p. 16.

trade corporations" only on income derived from sources within the United States. Both the Ways and Means Committee and the Finance Committee explained in their reports that the income of such traders was taxed both at home and abroad and that this resulted not only in unjust double taxation but also in inability to compete with foreign traders of other countries in China and elsewhere. This proposal provoked a contest on the floor of the Senate. Senator Simmons claimed that the suggestion came from sources "profoundly interested in advancing the interests of consolidated, coördinated, combined and predatory wealth and it would have been nothing more or less than a present out of the Treasury of the United States to that class of great, powerful people who control our foreign commerce, sell our exports abroad, and buy our imports abroad, to say nothing of the great international banks of the country, of something near \$300,000,000."⁶⁶ The provision was defeated by a narrow majority of the Senate but when it got to conference the Senate's action would have been overturned, according to Senator Simmons, had not he and Senator La Follette made a strenuous fight to prevent "the slaughter which had been prepared for it."⁶⁷

Life insurance companies. The new law modifies the provisions of the former law with reference to taxes on life insurance companies. There has been much litigation under the previous law and it is claimed that the taxes which these companies paid are inadequate. The new law provides that for 1921 and thereafter they shall be taxed upon their investment income from interest, dividends, and rents much the same as are other corporations upon their net income received after December 31, 1921, except that the life insurance companies are relieved of the capital stock tax.⁶⁸

Partnerships and personal service corporations. As in previous laws, partnerships are not taxed as corporations but each of the partners is taxed under the individual income tax sections of the law. Personal service corporations, that is, those whose income is derived chiefly from the services of the chief stockholders, or where the income derived from invested capital is not a material part of the total, were, under the previous law, treated as partnerships instead of being taxed as corporations. The new law continues this arrangement for income received prior to January 1, 1922, after which these corporations are to be taxed like other corporations. If, however, partnerships or individuals in business prefer to be taxed as corporations for 1921

⁶⁶*Cong. Record*, Nov. 23, 1921, pp. 8994, 8995.

⁶⁷*Cong. Record*, Nov. 23, 1921, pp. 8994, 8995.

⁶⁸House Report, no. 350, 67 Cong., 1 Sess., p. 14, and *Revenue act of 1921*, sec. 242ff.

and succeeding calendar years rather than as individuals, they may be so taxed, provided they incorporate within four months after the passage of the act, that is, prior to March 23, 1922; provided further, that the taxable net income for 1921 was not less than 20 per cent of the invested capital; and, provided further, that the capital stock tax of \$1 per \$1000 of invested capital is also paid. This provision removes one of the weightiest criticisms of the act of 1918 because under that act the amount of the tax payable often depended very much upon the form of the organization as well as upon the amount of profits. Secretary Houston in his letter of March 17, 1920, to Chairman Fordney of the Ways and Means Committee, mentioned as one illustration of the necessity of revision of the act of 1918 a well-known partnership which paid in 1918 nearly \$1,125,000 more taxes than it would have paid had the business been organized as a corporation. On the other hand corporations have frequently paid more than if they had been organized as partnerships.³⁹

Publicity of returns. One contest that developed some heat was over the publicity of returns. All previous income tax laws from 1913 on have provided that returns shall be open to inspection only upon the order of the President, though provision was made for the officers of states having a state income tax to inspect corporation returns and for stockholders to examine annual income returns of the corporations in which they, as stockholders of record, own 1 per cent or more of the outstanding capital stock. Senator La Follette made at least two attempts to make returns open to public inspection and the vote in one case was rather close, 35 to 33. Senator Reed proposed that returns should be open "at the request of either House of Congress." The Senate adopted this amendment but it was struck out in conference. Few acts of the conferees were subject to more scathing criticism than was this.⁴⁰

Title IV—Estate tax. The rates of the federal estate tax are not changed by the act of 1921, despite a spirited contest in the Senate which led to a night session and the doubling of the maximum rates on the larger estates by a Senate vote of 44 to 15. It will be recalled that the act of 1918 exempts the first \$50,000 in order to arrive at the taxable "net estate" and then begins with a tax of 1 per cent on the next \$50,000. The rate increases until it reaches 25 per cent on the part of a taxable "net estate" in excess of \$10,000,000. The

³⁹See *Annual Report of the Secretary of the Treasury for 1920*, p. 32.

⁴⁰*Cong. Record*, Nov. 22, 1921, pp. 8996 and 8997, and Nov. 23, 1921, p. 9059.

Senate bill did not change these rates except those on "net estates" in excess of \$15,000,000, as follows:

"Net estates" (in millions of dollars)	Rate of tax proposed. Per cent
15—25	30
25—50	35
50—100	40
100—more	50

The Senate also adopted by a vote of 31 to 35 an amendment of Senator Walsh of Massachusetts to tax gifts at the same rates at which "net estates" are taxed under both 1918 and 1921 acts, except that no deduction of \$50,000 was allowed and the one per cent tax began on gifts in excess of \$20,000. A new schedule of estate tax rates reaching a maximum of 50 per cent on estates in excess of \$30,000,000 was proposed by Senator La Follette. This was rejected, as were his and Senator Kenyon's proposals to tax at 10 per cent and 15 per cent respectively the transfer of certain tax-exempt securities forming parts of estates. Senator Kenyon proposed that his amendment apply only to securities issued six months after the passage of the act and it was barely rejected, the vote being a tie, 32 to 32.

Senator Penrose reported that the Senate conferees yielded "to the persuasive arguments and persistent demands of the House conferees" on the Senate amendments, both as regards the higher rates on estates and also as regards any tax on gifts. He stated that the proposed increased rates would not bring any additional revenue before the fiscal year 1924, that they would cause the distribution of estates before death in order to escape the tax and, furthermore, that some states already have inheritance taxes exceeding 25 per cent. The rejection of the higher estate taxes by the conferees was then given as a reason for the rejection of the tax on gifts. These concessions on the part of the Senate conferees were attacked as inconsistent and as a surrender to wealth by Senator Jones of New Mexico and others.^a Neither the House nor Senate changed these or any other provisions agreed to by the conference.

A new administrative provision of this title permits an executor or administrator to file application for discharge from personal liability for any estate tax not assessed within one year after the filing of the application, but such discharge does not release the estate from the lien of any tax. Under the previous law executors have been held personally liable for estate taxes assessed long after the closing of

^a*Commercial & Financial Chronicle*, Nov. 5, 1921, p. 1937; Nov. 12, p. 2037; *Cong. Record*, Nov. 22 and 23, pp. 8992 and 9072.

estates." An attempt has been made in the new law also to prevent discrimination in taxing the estates of missionaries merely because they reside in foreign countries.

Title V—Tax on telegraph and telephone messages. (Transportation tax omitted.) The most significant change in this title is the omission of the tax on transportation. It will be recalled that under the Revenue act of 1918 amounts paid for freight were taxed 3 per cent, amounts paid for express shipments 1 cent for each 20 cents or fraction thereof, amounts paid for passenger and Pullman tickets 8 per cent, and amounts paid for transportation of oil by pipe line also 8 per cent.

It has been noted above that Secretary Mellon at first opposed the removal of the tax on transportation unless Congress could find a suitable substitute because he said it yielded about \$330,000,000 a year in revenue. The Administration later seemed inclined to do all it could for the railroads on the theory that the revival of their finances and facilities was the key to general economic improvement. Consequently, after the conference of Administration leaders on August 9, Secretary Mellon advocated repeal of half the transportation taxes January 1, 1922, and the other half a year later. The Senate accepted this recommendation but the conferees accepted the House provision to repeal transportation taxes, effective January 1, 1922. Mr. Fordney estimated that this action would cause a loss in revenue of \$262,000,000.

This title retains the tax of 5 cents upon telephone, telegraph, cable and radio messages upon which the charge is 15 to 50 cents and 10 cents where the charge is greater, as well as the tax of 10 per cent on the amounts paid for leased wires but it omits the provisions relative to the taxes on insurance.

Title VI—Tax on beverages. This title has to do not only with soft drinks but also with alcoholic liquors diverted to beverage purposes or for use in manufacture. In order to aid in the enforcement of the law the Treasury Department suggested and the Senate bill provided for doubling the tax on liquors diverted to unlawful purposes. It also provided for the concentration of liquors in fewer government warehouses. Senator Willis, Republican of Ohio, charged that, in the bill as adopted by the conferees and as later enacted into law, the "conferees have agreed absolutely to wipe out the amendments that were written by the Senate and to adopt the House provision." Senator Smoot explained that the Senate conferees were forced to accede to the House conferees because the latter "did not want to tax whiskey sold by a drug store as a beverage, because they designated it

^aHouse Report no. 350, 67 Cong., 1 Sess., p. 15.

as medicine.”⁴³ As the law stands, it provides for a tax of \$2.20 per gallon upon spirits in bond or upon those produced in or imported into the United States, and \$4.20 additional if diverted to beverage purposes or for use in manufacture.

Light manufacturers' taxes are imposed upon sirups and carbonated gas used in the production of soda fountain drinks and similar preparations in lieu of the so-called “nuisance taxes” levied by the former law upon soda fountain drinks, ice cream, sundaes, etc. The old taxes were difficult to administer and it was estimated that dealers held back from the government 30 per cent of the amounts due. Chairman Fordney estimated that the change in the House bill meant a yearly loss of \$24,000,000, but he counted on \$10,000,000 from a license tax of \$10 on each seller of soft drinks, a provision eliminated by the Senate.

Title VII—Taxes on cigars, tobacco, and manufactures thereof. This title of the old law is reenacted substantially without change.

Title VIII—Tax on admissions and dues, is also substantially a reenactment of the corresponding title in the former law except that under the new law the exemption from the tax is extended to a larger class of benefit performances and, furthermore, no tax is collected from persons admitted free and those admitted at reduced rates are taxed on the basis of the amount paid.

Title IX—Excise taxes. The new law takes the tax off of some sporting goods, chewing gum, cosmetics, proprietary medicines and some other goods; reduces the tax on candy from 5 to 3 cents per pound and in general cuts the tax from 10 per cent to 5 per cent on the excess price of expensive carpets, clothing, lighting fixtures, etc., besides eliminating some articles and changing the basis for others. The most renumerative taxes, are retained, namely, those on automobiles, motorcycles, tires, and accessories. Many inconsistencies appear in this title, for example, why should candy be taxed and chewing gum be exempted, or cameras be taxed and billiard balls be exempted, or automatic slot-device vending machines be taxed 5 per cent while automatic slot-device weighing machines are taxed 10 per cent. Professor Adams and Senator Smoot have pointed out not only these but other inconsistencies. In a title which deals with such a miscellany as does this, only typical cases can be mentioned here.

Title X—Special taxes on miscellaneous occupations, tobacco manufacturers, narcotics, etc., has not been greatly changed. The first section of this title provides for the same capital stock tax as that in the former law, namely, \$1 for each \$1000 of the fair average value

⁴³*Cong. Record*, Nov. 23, 1921, pp. 9067 and 9068.

of capital stock in excess of \$5000. The Ways and Means Committee proposed a limitation of fifteen months for the assessment of this tax, and the Finance Committee proposed to eliminate it entirely, but the Senate restored it after a contest and it was retained by the conference.

Title XI—Stamp taxes, and Title XII—Tax on employment of child labor,“ are substantially reenactments of corresponding titles.

Title XIII—General administrative provisions. At least one change of much importance is provided for under this title.

Final determination. One of the most serious indictments against the excess-profits tax of 1918, though not the one commonly emphasized, is the clogging of the administration of all income and profits taxes because of the difficulty of determining invested capital upon which these taxes depend. The Bureau of Internal Revenue has had its burdens increased enormously by tax laws of recent years, and, in spite of the great expansion of its staff, it has not been able to keep up with its work. Part of this is due to the fact that it has a rapid turnover of personnel because many of those whom it has trained have resigned for much more lucrative positions in private practice. Furthermore, whenever a court decision or a ruling of the Commissioner reversed some former ruling, thousands of cases that were supposed to have been settled were reopened and the process of settlements was then begun all over again. As a result no one has known when any assessment was finally settled and the Bureau has fallen almost hopelessly behind with its work. The new law makes provision for the final determination of tax cases by agreement between the taxpayer and the Commissioner so that they will not be reopened by later rulings except upon showing of fraud, malfeasance or misrepresentation materially affecting the case. This change may work some injustice but doubtless it will lessen much injustice, also. That it is really one of the major changes brought about by the new law may be indicated by the accompanying tables which show how far the Bureau of Internal Revenue got behind with the administration of the taxes.

“The question of the constitutionality of this title of the former law is now before the Supreme Court.

STATEMENT OF CONDITION OF WORK, INCOME-TAX UNIT, AUG. 31, 1921.¹

	Total returns filed or to be handled	Total returns audited		Balance to be audited	
		Number	Per cent	Number	Per cent
Personal: ²					
1917	830,000	827,702	99.7	2,298	0.3
1918	660,000	627,227	95.0	32,773	5.0
1919	850,000	285,953	34.0	564,047	66.0
1920	890,000	168		889,832	100.0
Total	3,230,000	1,741,050	54.0	1,488,950	46.0
Corporation:					
1917	323,138	305,417	94.5	17,721	5.5
1918	368,290	278,323	75.6	89,967	24.4
1919	368,222	133,351	36.2	234,971	63.8
1920	349,500	12,734	.8	346,766	99.2
Total	1,409,250	719,825	51.1	689,425	48.9

²The personal returns do not include the smaller returns which are handled largely in the collectors' offices. Many of the returns shown as "to be audited" were in various stages of progress.

CLAIMS PENDING, OCT. 21, 1921.¹

	Number	Amount
Abatement of taxes assessed but not paid.....	27,519	\$615,181,744
Credit claimed on account of alleged previous over-payments.....	26,146	148,097,506
Refund of taxes paid.....	79,612	253,689,606
Total.....	163,277	1,006,968,856

¹Annual Report of the Secretary of the Treasury for 1921, pp. 27, 28.

Tax Simplification Board. This title provides also for a Tax Simplification Board to consist of three members to represent the public and to be appointed by the President and three officers or employees of the Bureau of Internal Revenue. They are to investigate the procedure of, and the forms used by, the Bureau and make recommendations for simplification. The members of the board are to serve without pay and the board is to cease to exist December 31, 1924.

Unnecessary investigations. One section of this title attempts to meet the complaints of taxpayers relative to unnecessarily frequent examinations and investigations by revenue agents by prohibiting more than one inspection of the taxpayer's books a year, except by special written order of the Commissioner of Internal Revenue.

Mention has been made elsewhere of other administrative changes, for example, of those relative to the consolidation of Liberty bond tax exemptions, the requirement of returns from all having gross incomes of \$5000 or over, regardless of the amount of net income, and the relief from personal liability granted executors of estates under certain conditions.

Title XV—General provisions, contains a miscellany of sections technically repealing the titles of the former law, increasing the Victory note authorization from \$7,000,000,000 to \$7,500,000,000 as an aggregate that may be outstanding at any one time, and increasing the Treasury Savings Certificate limit so that an individual may purchase \$5,000 instead of only \$1,000 of such securities in a year. The new issues of these securities bear about 4½ per cent interest and are exempt from taxation, hence, persons with large incomes are not permitted to buy them in unlimited amounts.

Comments and Conclusions

Except as noted in the opening paragraph of this article, the Revenue act of 1921 does not change greatly the Revenue act of 1918. It is a distinct disappointment to the chiefs of the party which controls overwhelmingly both houses of Congress, as well as the other branches of the federal government, especially in that it does not lower substantially the high surtax rates upon individual incomes. This is due to the influence exerted by agricultural and labor interests upon a sufficient number of Republican senators to force compromises upon the leaders, though the latter succeeded in nullifying several such compromises in the joint conference of Senate and House representatives. The leaders were successful, however, in repealing the much abominated excess-profits tax, in reducing the tax on capital gains of those having net incomes in excess of \$31,000, in providing for offsetting net losses of one year against net gains of following years, in providing for the final settlement of tax cases, and in making numerous other changes of more or less significance.

Though income and profits taxes will not hereafter hold the same relative importance among federal revenues that they have held during the past few years, they still remain the mainstay of the system. The tariff has been raised, it is true, but there is no prospect that consumption taxes will again form practically the entire source of federal receipts as they did prior to 1913. The sixteenth amendment is only one reason for this; another very important one is that the needs of the government are now so much greater than they were before the war that such revenues are entirely inadequate unless we shall adopt

some general sales tax such as one of the proposals of Senator Smoot. Many business interests apparently favor such taxes and sometimes the propaganda for them seems about as strong as that for the repeal of the excess-profits tax, but the opposition from the laboring classes and the farmers will probably be more active and effective in this case than it was for the retention of the profits tax. It is possible, however, that the soldiers' bonus can be used to overcome this opposition, in fact, there is no telling in what various ways, and for how many purposes, the proposed bonus is to be used as stalking horse. Beer, as well as a sales tax, has already been proposed.*

Despite the fact that few changes have been made in the new revenue law, some of them are notable improvements. That providing for final settlement of tax cases by agreement between the taxpayer and the Commissioner has been recommended by the Treasury Department for several years and will do much to unclog the administrative machinery. Very important, also, and eminently just is the allowing of net losses of one year to be offset against net income of future years. These two changes and the limitation of the tax on capital gain to 12½ per cent in certain cases will do much to unburden business and to remove the serious check upon transfers of property. The allowing of 6 per cent interest upon overpayments of taxes in the hands of the government during settlement of claims and the arrangement for determining loss or gain in involuntary cases of exchange of property are much more fair to the taxpayer than were the former practices. The new law does not, however, go nearly so far as the British act of August 1921 which provides for refunding taxes on paper excess profits that later proved to be in excess of real profits when goods were sold at much below former inventory prices, upon which profits of earlier years had been based. The provision for the relief of executors and administrators from personal liability for the tax after due notice is reasonable. The requirement of returns from all having gross incomes of \$5000 or over, regardless of amount of net income, ought to prevent some evasion and the Simplification Board should be able to suggest some improvements in administration. Numerous cases formerly left to the rulings of the Commissioner of Internal Revenue are specifically provided for in the new statute so that this, with the repeal of the excess-profits tax which occasioned a large part of the "Commissioner-made law," will narrow the scope of that official's rulings somewhat but still leave it relatively large.

The increased personal exemptions for heads of families and dependents will be welcome to all taxpayers, especially the smaller ones,

*What possibilities this suggests for a slogan in the fall elections this year, for example, "Bonus, beer and sales taxes!"

and are probably not without political significance. The exemption of \$300 in dividends and interest from building and loan associations is of doubtful propriety though not very important. The failure to tax large gifts as much as inheritances, as provided by the Senate bill but struck out in conference, leaves a large opportunity for the evasion of the estate tax, an opportunity which is great in any case. The similar fate of the Treasury's proposal with reference to increased taxes on liquors withdrawn from warehouses for unlawful purposes is a sad comment not only upon the violators but also upon the makers of the law.

One very noteworthy feature in the preparation and enactment of the new law was the almost constant consultation by the Treasury and also by the revenue committees with a well-known and able authority on taxation, Professor T. S. Adams, who had served in a similar capacity during the preceding administration. Another fact, not so complimentary to those responsible for procedure, was that the majority of the Ways and Means Committee excluded all members of the minority party from its sessions while framing the bill, entirely contrary to the procedure of the same committee under the control of the other party during the previous administration. Another practice exhibited, not new but none the less reprehensible, was that of nullifying in the conference committee, whose sessions are more or less secret and without record, the will of the majority which the conferees are supposed to represent. It was charged and it appears that in one instance after another the majority members of the Senate conferees reversed the action of the Senate, not because they were hard pressed by the House conferees, but because they were not in sympathy with the modifications which the agricultural bloc had forced upon them. It appears that in the case of the surtax rates they were prevented from thus receding only by virtue of the fact that the House reversed its own vote and instructed its representatives to accept the Senate amendment.

The real contests in the recent tax revision were over the taxes upon wealth, including taxes upon corporations. If government expenditures could be reduced to a pre-war basis of three quarters of a billion dollars a year, excluding postal expenditures balanced by postal receipts, revenue revision would be a comparatively delightful task. But despite reductions which have been made and further ones which will be made, notably in connection with War and Navy Departments, the Shipping Board, and federal control of transportation, our expenditures will probably be several billions annually for some time to come. The interest on our war debt alone is nearly a billion dollars, or greater than the total net expenditure before the war, and there is

no present prospect of repayment of the European debt, even if that were desirable. No one knows how much more the United States government is going to be called on to aid the railroads and the farmers of the country, not to mention European peoples or nations and others who may need help. In any case, it appears that large revenues will probably be necessary for some years and taxes will consequently be what we call heavy, though really very light as compared with those in European countries. Furthermore, the economic depression reduces the yields of taxes, especially income, profits, and luxury taxes, without any reduction of rates. As a result, the repeal of taxes cannot go very far without the necessity of substituting other taxes to meet requirements. The rub comes when it is suggested that anybody pay higher taxes in these troublous times.

Whether the excess-profits tax should have been repealed or revised is a debatable question, though the weight of authority was on the side of repeal. There is no doubt that, as in force under the law of 1918, it was inequitable as between under-capitalized and over-capitalized corporations, also, as between corporations and partnerships or individual businesses in some cases. It also caused extravagance, especially in connection with high surtaxes in cases of distribution of income, and made the law difficult of administration, because of the complexities of determining invested capital and a proper assessment. The tax is correct in principle, however, and the amendments of the new law regarding final determination of tax, the offsetting of losses of one year against gains of succeeding years, the permissions of partnerships to incorporate in order to reduce their taxes and other provisions go a long way toward removing the grounds for some criticisms against it. Other defects could be eliminated and the experience and records accumulated in the past few years ought to make its administration progressively more satisfactory and equitable. The writer is in some doubt as to how much weight should be given to what are admitted to be grave administrative reasons for its repeal. The experience and arguments of Professor Adams and others are worthy of much consideration but the propaganda for repeal has been so widespread, so prolonged and apparently so well-financed and interested, that disinterested advocates of repeal must have been really embarrassed by the support which their views have received. Much the same might be said with reference to the propaganda for a sales tax and for reduction of the surtax. It is worthy of note that the propaganda against the excess-profits tax enlisted the support of the great majority of smaller, as well as of larger, corporations and businesses, although the partial substitute for it, the increase in the corporation income tax, results in heavier taxes upon practically all

corporations making less than 10 per cent. In times like these, it is probable that many corporations will net less than this, though perhaps some of them would rather pay heavier taxes now than take the risk of excess-profits taxes in more prosperous years.

In his annual report for 1921, published after the passage of the revenue law, Secretary Mellon argues at unusual length against high surtaxes and estate taxes. The arguments are the usual ones. By being high these taxes defeat themselves as producers of revenue and, furthermore, they militate against saving, hinder business and in the long run hurt the masses even more than the wealthy. It is stated, for instance, that such taxes increase the rents of the poor as well as of everybody else, because mortgage loans are not tax-exempt and consequently funds for building are not available in sufficient quantities.

Secretary Mellon estimates that there are \$10,000,000,000 of tax-exempt securities in the United States into which the well-to-do may invest rather than pay the higher surtaxes. Others have made much higher estimates. It is evident that no one paying 73 per cent or even 58 per cent upon the upper bracket of his income will invest in 6 per cent or even 10 per cent taxable railroad or industrial securities so long as 5 per cent state and municipal tax-exempt bonds may be bought at par or thereabouts. He suggests a constitutional amendment, but it will probably be some time before three fourths of the state legislatures can be prevailed upon to ratify a federal provision that would weaken so materially the credit of themselves and of their various municipalities. The present writer is not entirely certain that the Supreme Court would now hold, since the adoption of the sixteenth amendment, that the federal government cannot tax the income from state and municipal bonds and also the income received by employees of states and their subdivisions.* If this is not to be tested and if an amendment cannot be adopted, it is almost futile or worse to attempt to collect the higher surtaxes of the present law.

Aside from the matter of Treasury receipts, there is some truth, though of course no one knows just how much, in the contention that high income and inheritance taxes check thrift, prevent the expansion of business and thus hurt all classes of people. Secretary Mellon says the small-propertyed classes are injured more than those who pay the taxes. There is certainly great need for additional capital now, especially in Europe and the undeveloped parts of the world though, unfortunately, neither we nor Europe seem able to make proper use of what capital we already have. Both could greatly increase production with existing capital if our industrial forces and credit were effectively organized and still more if we diverted less to destructive

*See arguments in Seligman's *Income Tax*, especially chapters 5 and 6.

purposes. Frankly, the present writer is in doubt as to what are proper rates for income and inheritance taxes under present circumstances. The rates of the act of 1918 are not excessive from the standpoint of ability to pay, but the surtax rates are not practical administratively, especially with the existing situation in respect to tax-exempt securities. While not agreeing with all that Secretary Mellon says, it is believed that he is within the truth when he says that combined income tax rates of 40 per cent for 1922 and of 33 per cent for 1923 and thereafter are sufficiently high.

Who shall bear the burden of taxes and in what proportion is a perennial question and the answer depends much upon who holds the reins of power. There has been a revolution in this control in the United States since the last law was enacted, though not as much of a revolution as some seemed to think. Just how far further changes will be made during the regular session of Congress will depend in large part upon how far the leaders think they can go without causing too much reaction and this, in turn, will depend much upon the weather in the West and in Europe.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Principles of Economics. By F. M. TAYLOR. (New York: The Ronald Press Company. 1921. Pp. ix, 577.)

All those charged with the administration of our enormous courses in general theory of economics have been greatly interested in the experimental methods of text-writing and teaching which Professor Taylor has carried on at the University of Michigan. This is the first edition of his book offered to the general public, though its prototype was first used in that university some fifteen years ago and it has been revised almost annually since. This experimental "trial and error" process the author proposes to continue for some time to come. As stated in the preface the body of doctrine presented "is, on the whole, rather markedly orthodox." The fact that a text so developed should show this result is hardly without significance—especially since a "small army of young men have assisted in teaching it" during its period of growth. It is "intended only for use as a textbook" and interest in its content deepens when it is remembered that not only has it been sixteen years in the making while subject to the test of actual classroom use, but its author has had long teaching experience, thirty-four years in elementary economics and twenty-eight in advanced courses in economic theory.

As a textbook, then, the volume contains much less introductory and historical matter than is generally offered. It plunges almost at once into a survey of the existing economic order. We are told that at Ann Arbor it is the practice to use a supplementary book on economic organization. Again the familiar chapters on practical problems are lacking. The book "is intended to perform just one special function in the student's economic education, namely, helping him to master the body of principles, mostly quite abstract, which are generally held by economic authorities." The preface claims for it the further merit that it differs from most other texts in laying "more stress on securing for the student a very definite mastery of the accepted body of economic principles—such mastery as the student of Chemistry or Physics is expected to acquire."

The proportions of the book may be briefly indicated. The preliminary analysis of the factors of production, of money, banking, speculation, and insurance, covers the first 225 pages; the discussion of value and price is assigned 150 pages; monetary theory, 45 pages; the theory of distribution, 65 pages; a critique of the present order, 60 pages. It will be noted that the treatment of distribution is very

brief, almost a summary one. Rent, interest, wages, and profits march by at an average rate of 12 pages each. By contrast the treatment of value and price makes heavy demands on space as it does on the patience and sustained interest of the student. The critical chapters carry a conclusion favorable to existing institutions:

The results are certainly below the best conceivable. Nevertheless, while great improvements are needed, are possible, and ought to be effected, we must still hold that a verdict for the substantial soundness of the system is practically inevitable. We may add that a thoroughly humane despot with power to substitute any other system thus far proposed, might very probably—if he took all the facts into consideration—decide that the system now operating was on the whole the very best one possible.

Judged as a text, doubts of its effectiveness are aroused by consideration of the unreal character of some of the illustrations employed. Thus on page 127 we have a table with eight columns and twenty-seven lines to illustrate varying conditions of return in production. It contains “the *assumed* conditions and the *assumed* general results of our series of imaginary experiments.” Yet this highly artificial table serves as the basis of discussion in at least three chapters. Again in the treatment of value and price carried through seven chapters, we begin by impressing the student with its “abstract and hypothetical character.” We make large assumptions:

First, that each man taking place in the exchange process is an ideal or perfect economic man. His feelings and motives are predominantly, if not wholly, concerned with getting the maximum of satisfactions for himself and they consistently remain so from day to day and year to year, all other motives such as charity and sympathy being shut out. The man has also full knowledge of market conditions and excellent, not to say perfect, judgment in making decisions. And his actions are entirely free of caprice, passion, and prejudice, so that he would naturally buy always in the cheapest market and sell in the dearest (p. 249).

This perfect man operates then in a perfect market where perfect competition prevails and “is supposed to carry the principles of competition to its logical conclusion—to continue competing so long as there is a surplus of immediate economic advantage over the sacrifices made.” It should be added that the discussion of price proceeds from these assumptions through three stages: the immediate process of price determination—market price; the intermediate process—normal price; and the ultimate processes. The present reviewer can see no necessity for and no pedagogic gain arising from such a wide departure from the real world and actual market conditions. It makes a vast demand on the student intellect of “but limited reach and power” to imagine clearly such hypothetical conditions which have no place in his personal experiences and it calls for a prolonged maintenance

of the class interest and capacity for sustained logical assault on difficulties to carry these artificially created men, markets and competitive conditions through seven chapters and three stages of reasoning. Such hypothetical reasoning smacks of the philosopher and the study rather than of the economist, the factory, and the market place. Will not a mastery of economic principles similar to that of the student in physics and chemistry be best acquired by similarly concrete realistic methods? The "abstract principles" of our subject are based on the facts of industry, not on philosophical abstractions and assumptions. And they are most useful when this essential relation is positively presented throughout the introductory course. Only through this method of approach do they become usable guides to conduct for the business man and the citizen in the turmoil of industrial and political life.

There are numerous, rather elaborate diagrams which do not illustrate actual industrial conditions, but are helpful through analogy, if at all. Extensive use is made of problems and examples for student solution. These are frequently inserted in the chapters. They are obviously very carefully considered and selected and make up quite the best collection the writer has examined. Frequently, however, he has felt doubtful as to the possibility of their solution on the basis of the matter previously presented. Seemingly, the intent is to arouse the student's interest in further difficulties as well as sustain and clarify his attack on present problems.

Throughout the book there is a sturdy, sustained and effective attack on persistent, current economic fallacies to which every war-worn teacher of elementary economics will give ungrudging praise. If we could throw down and obliterate these hoary "old men of the sea," our efforts would be justified. If this book carries out its promise in aiding that endeavor, the labor expended on its development will be deemed well spent.

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VON BÖHM-BAWERK, E. *Kapital und Kapitalzins*. Three vols. Fourth edition (Jena: Fischer. 1921.)

CARVER, T. N. *Principles of national economy*. (Boston: Ginn. 1921. Pp. vi, 773. \$3.00.)

This is an amplification of Professor Carver's *Principles of Political Economy* reviewed in the December, 1919, issue of this REVIEW, pages 796-797. Together with *Elementary Economics* reviewed in the June issue, 1921, pages 274-277, it comprises a series of texts the general content and philosophy of which are alike. As compared with the text first mentioned, the present volume is divided into the same eight parts and, except in parts one and two, the chapter headings are generally identical. There are additional chapters on taxation: The shifting of taxation and the minimum sacrifice theory of taxation based on previously published papers of the author, and the concluding chapters include labor programs and the limits of state interference. The substance of the first will be familiar to followers of Professor Carver's writings.

Other changes are confined to amplification of previous discussions or a presentation of later developments. Examples are found in a complimentary reference to the eighteenth amendment, in an enlarged discussion of the functioning of the federal farm loan system, and in the favorable consideration of our restrictive immigration policy. Key chapters such as: The balancing of the factors of production; The battle of the standards; and Constructive liberalism suffer no significant changes. A few critically evaluated titles for collateral reading follow each part.
C. E. P.

FRADENBURGH, A. G. *Elements of economics*. (New York: Scribner's. 1921. Pp. xvi, 364.)

FRANKLIN, H. G. *The economics of laissez faire. A new exposition of the present economic régime*. Part I. (Buffalo, N. Y.: Author. 1920. Pp. 164.)

The author of this tiny sexto-decimo volume sets before himself two tasks: (1) to add to our knowledge of the causes of the cycles of alternate prosperity and depression; and (2) to contribute to current theories of distribution. The first of these tasks is performed in a way that is interesting and suggestive, though quite unsupported—in this volume at least—by any statistical evidence. The second of these tasks is to demonstrate the error of the marginal-productivity theories of wages and interest. In the latter part of his book he thus deviates far from the orthodox economics which most of us accept.

The portion of the book likely to prove of greatest value, to orthodox economists at least, consists of chapters 2 and 3. In these the author ascribes industrial depressions to the increase of industrial equipment at a rate greater than the increase of labor supply. The financing of the construction of this excessive equipment by bank-loans instead of by individual or corporate savings from income leads to price increases and ultimately to panics. The author's method of explaining why the prices of goods rise more than wages will prove to be a genuine contribution, if verified.

The book as a whole represents an effort to analyze the demand side of economic phenomena. It is, therefore, unfortunate that the author's

apparent unfamiliarity with economic literature and method should have led him into errors that are both so numerous and so glaring. The obviousness of these various incidental errors is likely to prevent the essay from receiving the attention which it otherwise merits.

DONALD S. TUCKER.

- GIDE, C. *Premières notions d'économie politique*. (Paris: Michel. 1921. Pp. 185.)
- GOUGH, G. W. *Wealth and work*. (London: Philip. 1921. Pp. 260.)
- DE GREEF, G. *L'économie sociale d'après la méthode historique et au point de vue sociologique*. (Brussels: Office de Publicité. 1921. Pp. 534. 30 fr.)
- HAYES, H. G. *Problems and exercises to accompany Clay's "Economics for the general reader," and Ely's "Outlines of economics."* (New York: Macmillan. 1921. Pp. x, 67. 50c.)
- The problems were prepared for the use of students at Ohio State University. The arrangement follows the order of assignment in the two books.
- HECHT, J. S. *The real wealth of nations*. (Yonkers-on-Hudson, N. Y.: World Book Co. 1921. Pp. x, 350. \$2.40.)
- HELLER, W. *Die Grundprobleme der theoretischen Volkswirtschaftslehre*. (Leipzig: Quelle & Meyer. 1921. Pp. 104.)
- JAHN, G. *Grundzüge der Volkswirtschaftslehre*. (Leipzig: Teubner. 1921. Pp. 123. 6.10 M.)
- LEWINSKI, J. S. *The founders of political economy*. (London: King. 1921.)
- LEWIS, P. G. *Scientific economics, establishing the sciences of money, human labor and industrialization for social progress*. (Milwaukee: Pabst Pub. Co. 1921. Pp. 107.)
- MACIVER, R. M. *The elements of social science*. (New York: Dutton. Pp. vi, 186. 1921. \$2.50.)
- MICHELS, R. *La théorie de Marx de la misère croissante*. (Turin: Bocca, 1922. Pp. 244.)
- MUHS, K. *Materielle und psychische Wirtschaftsauffassung*. (Jena: Gustav Fischer. 1921. Pp. iv, 96. 12 M.)
- MÜLLER, O. *Die Entwicklung der Volkswirtschaft*. (Munich: Volksvereins-Verlag. 1921. Pp. 104. 7 M.)
- PARETO, V. *Lezioni di scienza economica razionale e sperimentale*. (Rovigo: Industrie Grafiche. 1921. Pp. 907.)
- PARK, R. E. and BURGESS, E. W. *Introduction to the science of sociology*. (Chicago: Univ. of Chicago Press. 1921. Pp. xxi, 1040. \$4.50.)
- PENSON, H. *The economics of everyday life*. Part II. (Cambridge, Eng.: Univ. Press. 1921. Pp. 111. 4s.)
- PIGOU, A. C. *The political economy of war*. (New York: Macmillan. 1921. Pp. ix, 251. \$3.25.)
- PRALL, D. W. *A study in the theory of value*. (Berkeley, Cal.: Univ. of California. 1921. Pp. 290. \$1.25.)

ROE, F. W. *The social philosophy of Carlyle and Ruskin*. (New York: Harcourt. 1921. Pp. vii, 335. \$3.)

ROSCHER, W. *Economie industrielle*. Vol. II. Translated into French by P. HALLIER. Eighth edition. (Paris: Giard. 1921. Pp. 497. 22 fr.)

New paragraphs and notes were added to Roscher's original text in the seventh edition (1899), but in the eighth edition the work of revision was carried much farther. The paragraphs of Roscher's text have been altered, and, in some instances, practically rewritten in order to bring them into harmony with current thought and legislation. The new paragraphs of the preceding edition have been substantially expanded. There seem to be no additions to the German text of 1913 in the present edition.

A. P. USHER.

SCHMIDT, M. *Grundriss der ethnologischen Volkswirtschaftslehre*. Vol. I, *Die soziale Organisation der menschlichen Wirtschaft*. Vol. II, *Der soziale Wirtschaftsprozess der Menschheit*. (Stuttgart: Ferdinand Enke. 1921. Pp. viii, 222; viii, 226.)

SELIGMAN, E. R. A. *Principles of economics*. Ninth edition revised. (New York: Longmans. 1921. Pp. 711. \$3.)

SIMPSON, K. *Economics for the accountant*. (New York: Appleton. 1921. Pp. xi, 206. \$2.)

SMITH, A. *Wealth of nations*. Introduction by WILLIAM ROBERT SCOTT. Two vols. (London: Bell. 12s.)

SOMMARIN E. *Teoretisk Nationalekonomi*. (Lundi: Gebers Förlag. Pp. x, 186.)

SPANN, O. *Fundament der Volkswirtschaftslehre*. Second edition revised. (Jena: Fischer. 1921. Pp. xvi, 372.)

TAUSSIG, F. W. *Principles of economics*. Vol. I. Third edition revised. (New York: Macmillan. 1921. Pp. xxiii, 545.)

The most important changes in this revision "are those necessitated or suggested by the events of the Great War. The treatment of the banking system of the United States has been entirely rewritten in view of the great and rapid changes that took place during its course. That of paper money has been extended so as to include an account of the war issues." In this rewriting, the chapter on "Some problems of legislation in banking" has been omitted, though sections from it find place elsewhere. Sections have been omitted in the discussions of bimetallism and in the description of foreign currencies. A new chapter at the close of Book III, Proposals for monetary reform, discusses in turn: the multiple standard; control of prices through the alternate expansion and contraction of government paper currency; and the stabilized dollar, with conclusions adverse to each, mainly on the basis of the unpredictability of the results, popular misunderstanding and the resulting danger of ill-advised political action, and the additional uncertainties which such schemes would inject into domestic and international business relations. The final statement reads that the simple gold standard "is not a perfect arrangement; but it is the best workable one that is available."

There is new terminology in the discussion of market value and in the treatment of value and marginal utility. The phrase "marginal vendibility" is introduced since "the common formulation by economists that

price depends on marginal utility tacitly ignores the effects of inequality. The term "vendibility" points to the dominant position of the price at which the last item is sold, and makes no implication concerning the satisfactions secured by the person who pays this price" (p. 123). In the discussion of elasticity and inelasticity of demand, the phrase "elasticity of demand is unity" is applied to the case in which the total spent for a commodity remains unaltered irrespective of price changes. The increased precision of statement thus made possible will be welcomed by all users of the text.

C. E. P.

WEBER, M. *Grundriss der Sozialökonomik*. III. Abt. I *Die Wirtschaft und die gesellschaftlichen Ordnungen und Mächte*. (Tübingen: Mohr. 1921. Pp. viii, 180. 26.40 M.)

WORMS, R. *La sociologie: sa nature, son contenu, ses attachés*. (Paris: Giard. 1921. Pp. 164. 5 fr.)

Political Economy Club founded in London, 1821: Centenary volume. (London: Macmillan. 1921. 21s.)

Der wirtschaftliche Wiederaufbau. (Berlin: K. Block. 1921. 90 M.)

Economic History and Geography

Il Fallimento della Politica Annonaria. By UMBERTO RICCI. (Florence: "La Voce." 1921. Pp. 493.)

Among the books which look back upon the period of the war and seek to assess the policies and conduct of those in charge of our governments, this work may take today an important place. Whether its moral was or was not in the author's mind before he undertook his study—its critics would surely say that it was—the book collects and interprets so many precise data of a significant sort that it may fairly claim to be reckoned with.

First discarding popular explanations of the cause of high prices, the author points to the increased issue of paper money in Italy and the reduced store of commodities, covering familiar ground in describing their evil effects. He then sets about to dissect unsparingly the powers of both national and provincial governments for remedying a situation for which he regards the national government as largely to blame. The provincial governments, when they forbade exportation of various goods to other provinces, brought about a waste of goods and reduced the utility to be derived therefrom. When the central government granted favors to consumers' coöperatives, which were trying to fight the middlemen, it indicated its preference for inexpert as against expert management. In general, every act of interference by the state soon had to be followed by more interference. Every enforced reduction in the price of an article tended to increase the consumption of it directly or indirectly and to decrease the production of it.

The system of rationing he especially attacks. It required or at least involved a meddlesome control over crops. It compelled a leveling of tastes—not, for instance, till the very end of the war were desirable exceptions made in the interest of the sick—and an equalization of quantities consumed. The well-to-do could always evade the laws by eating as often as they wished at restaurants. While one person might have more meat and less sugar than he wished, another would have more sugar and less meat. Consumers turned to substitutes, the increased demand for which sent their prices up to a height much beyond that reached by comparable commodities. To illustrate this situation the author cites impressive figures.

Largely, the book is an attack on the bureaucracy, the numbers of whom were enormously increased in the war time. They were careless, incompetent, inexperienced; the machine of which they formed a part became too complicated to manage. Meat, cereals, etc., got lost, went into hiding; expensive methods were devised to recover them. While goods were in the government's mismanaging hands, loss and deterioration ensued. Hence the consumer's rightful expectations were not met. Whoever violated the rules was subject to various penalties, costly to administer and ineffective.

The effects on producers were not less disturbing. Their costs remaining high while the prices of their products were fixed, they lessened production of the very things most in request. Prices are interdependent. Every blow is reflected. Calves were killed young, though secrecy was necessary, or a lie. When the price of olive oil, the food, was fixed low, more oil was diverted to industrial uses. Farm hands could not be forced to work and would turn to other employments when wages were threatened. In agriculture, in shipping, on the railroads, government control brought annoyance and disorganization. Contradictory orders appeared when control became excessive and got out of hand. A law, for example, permitted the exportation of cheese, if an amount twice as great was imported. A dealer could import 10,000 quintals if he could prove that he had exported 5,000, and could export 5,000 if he could prove that he had imported 10,000! The remedy for this absurdity proved almost as bad as the absurdity itself.

In general, the service of supplying what the people needed was costly, because bungling. The rural sections, in particular, were burdened for the sake of the city; producers were persecuted and production fell. The corruption of the bureaucracy took on many forms. The initial error, however, and the constant error, was that the government insisted on drastic control when a system of economic liberty, especially for the fixing of prices, would have been of vastly greater benefit to the people.

Carefully as the book is written, skilful as its arguments are, its

tone often challenges opposition. The reviewer, for one, would like to examine the case for the negative stated by a protagonist as skilful as Professor Ricci.

ROBERT F. FOERSTER.

NEW BOOKS

- ANDREE, K. *Geographie des Welthandels*. Vols. III and IV. (Vienna: Seidel & Sohn. 1921. Pp. x, 572; xv, 680. 110 M.)
- ATKINSON, M., editor. *Australia: economic and political studies by various writers*. (Melbourne: Macmillan. 1921.)
- BARNES, H. E. *The social history of the world. An outline syllabus*. (New York: Appleton. 1921. Pp. xii, 126. \$1.25.)
- BEUTLER, A. *Die Entwicklung der sozialen und wirtschaftlichen Lage der Weber im sächsischen Vogtland*. Greifswalder Staatswissenschaftliche Abhandlungen, Nr. 6. (Greifswald: L. Bamberg. 1921. Pp. viii, 134.)
- BOERGER, A. *Sieben La Plata-Jahre. Arbeitsbericht und wirtschaftspolitischer Ausblick auf die Weltkornkammer am Rio de La Plata*. (Berlin: Verlag von Paul Parey. 1921. Pp. 447.)
- BRANDT, L. R. *Social aspects of Greek life in the sixth century B. C.* (Philadelphia, Pa.: T. C. Davis & Sons, 506 Race St. 1921. Pp. 108. \$2.)
- BRENIER, H. *French points of view, being letters to the British press and others*. (Marseille: Comité de Relations Internationales. 1921. Pp. 62.)
- BRINCKMEYER, H. *Hugo Stinnes: the Czar of the new Germany*. Translated by A. B. KUTTNER. (New York: Huebsch. 1921.)
- BRUNHES, J. and VALLAUX, C. *La géographie de l'histoire*. (Paris: Alcan. 1921. Pp. 716.)
- CARMAN, H. J. and GRAPER, E. D. *Record of political events from July 1, 1920 to June 30, 1921*. Supplement to the *Political Science Quarterly*, vol. XXXVI, no. 3. (New York: Academy of Political Science, Columbia Univ. 1921. Pp. 96. \$1.)
- CHANNING, E. *A history of the United States*. Vol. V, *The period of transition, 1815-1848*. (New York: Macmillan. 1921. Pp. 623. \$4.50.)
Contains chapters on the First labor movement and the Bank and the panic of 1837.
- CHISHOLM, G. G. *Handbook of commercial geography*. New and revised edition. (New York: Longmans. 1921.)
- CHRISTIANCY, G. A. C. *The reparations question and its effect upon industry*. (New York: Hirsch, Lilienthal & Co., 165 Broadway. 1921. Pp. 7.)
- COLBY, C. C. *Source book for "The economic geography of North America"*. (Chicago: Univ. of Chicago Press. 1921. Pp. 418. \$4.)
- DANCKWORTT, P. W. *Ein Rückblick und Ausblick auf Handel und Industrie Sibiriens*. (Leipzig: Teubner. 1921. Pp. xii, 271. 12 M.)

- DOPSCH, A. *Wirtschaftliche und soziale Grundlagen der europäischen Kulturentwicklung. Aus der Zeit von Cäsar bis auf Karl den Grossen.* Parts I and II. (Vienna: L. W. Seidel & Sohn. 1920. Pp. xi, 404, xi, 542. 80 M.)
- . *Die Wirtschaftsentwicklung der Karolingerzeit vornehmlich in Deutschland.* Part I. Second edition, revised and enlarged. (Weimar: Hermann Bohlhaus Nachf. 1921. Pp. xiv, 402.)
- DOVE, K. *Allgemeine Verkehrsgeographie.* (Berlin: Vereinigung Wissenschaftlicher Verleger. 1921. Pp. 95. 4.20 M.)
- FAIRGRIEVE, J. *Geography and world power.* (New York: Dutton. 1921. \$2.)
- FARNHAM, D. T. *America vs. Europe in industry.* (New York: Ronald. 1921. Pp. 492. \$4.)
- FOLWELL, W. W. *A history of Minnesota.* Vol. I. (Saint Paul: Minnesota Historical Society. 1921. Pp. xvii, 533.)
To be completed in four volumes. Chapter 12 is entitled "Territorial Railroad Miscarriage."
- FOSTER, W. *The English factories in India.* Vol. X. (Oxford: Clarendon Press. 1921. Pp. 440.)
Includes documents of the period 1655-1660.
- FRIEDMAN, E. *International finance and reorganization.* (New York: Dutton. 1921.)
- GÖTZINGER, W. *Handels—und Verkehrsgeographie, mit besonderer Berücksichtigung des schweizerischen Aussenhandels.* (Zürich: Schulthess. 1921. Pp. viii, 199. 5 fr.)
- HÄHNSEN, F. *Geschichte der Kieler Handwerksämter. Ein Beitrag zur Schleswig-Holsteinischen Gewerbegeschichte.* Mitteilungen der Gesellschaft für Kieler Stadtgeschichte, Nr. 30. (Kiel: Kommissionsverlag von Lipsius & Tischer. 1921. Pp. xv, 467.)
- HARRIS, M. D. *A social and industrial history of England before the Industrial Revolution.* (London: Collins. 1921. Pp. 227.)
- HASSE, A. R. *Index to economic material in documents of the states of the United States, 1790-1904. Pennsylvania.* Department of economics and sociology of the Carnegie Institution of Washington. Part 2, F to Railroads. (Washington: Carnegie Institution. 1921.)
- HATSCHKE, J. *Britisches und römisches Weltreich. Eine sozialwissenschaftliche Parallele.* (Munich: R. Oldenbourg. 1921.)
- HICKMANN, FISCHER. *Geographisch statistischer Universal-Atlas.* Revised by ALOIS FISCHER. (Vienna: G. Freytag & Berndt. 1921. Pp. 110. 40 M.)
- KÖTZSCHKE, R. *Grundzüge der Deutschen Wirtschaftsgeschichte bis zum 17. Jahrhundert.* Second revised edition. (Leipzig: Teubner. 1921. Pp. 194. 12 M.)
- KÜHLES. *Die Wirtschaftsprobleme von heute.* (Berlin-Friedenau: Verlag Freie Wirtschaft. 1920. Pp. 84.)
- KÜHNERT, H. *Quellenheft zur Wirtschaftsgeschichte von Grossthüringen.* (Jena: Jenaer Volksbuchhandlung. 1921. Pp. 72. 8 M.)

- LEE, M. P. *The economic history of China, with special reference to agriculture*. Columbia University studies in history, economics and public law, vol. XCIX, no. 1. (New York: Longmans. 1921. Pp. 461. \$4.50.)
- LEIST, E. *Die Einwirkungen des Weltkrieges und seiner Folgen auf die deutsche Spiritusproduktion*. Kölner wirtschafts- und sozialwissenschaftliche Studien. Vol. I. (Cologne: Paul Neubner. 1921.)
- LETHBRIDGE, A. B. *Germany as it is today*. (London: Eveleigh Nash Co. 1921. Pp. xxxv, 282.)
- LORIA, A. *Aspetti sociali ed economici della Guerra Mondiale*. (Milan: Vallars. 1921.)
- LUTGENS, R. *Spezielle Wirtschaftsgeographie auf landschaftskundlicher Grundlage*. Mitteilungen der Geographischen Gesellschaft in Hamburg, vol. XXXIII. (Hamburg: L. Friederichsen & Co. 1921. Pp. 22.)
- MACMILLAN, A. A., editor. *Financial independence*. (Sherbrooke, Quebec: A. MacMillan. 1921. Pp. 17.)
- MATSCHOSS, C. *Preussens Gewerbeförderung und ihre grossen Männer*. (Berlin: Verlag des Vereins Deutscher Ingenieure. 1921. Pp. 165.)
- MELVILLE, L. *The South Sea Bubble*. (London: D. O'Connor. 1921. 25s.)
- MITCHELL, B. *The rise of cotton mills in the South*. (Baltimore, Md.: Johns Hopkins Univ. Press. 1921. Pp. vii, 281.)

The author dates the beginning of cotton manufacture in the South at about 1880. "The return to specie payments, bringing confidence to enterprise, showed itself in the veritable boom of the fall of 1879, precipitating events in the South as all over the nation. In 1880, southern railway building took on new life, roads in financial difficulties being reorganized and narrow gauge being changed to broad gauge. Southerners were accumulating a little surplus cash, as was indicated by their ability to go again to Saratoga and other watering places" (p. 74). By 1895, "the industry carried its own excuse for being, and nothing more than economic motives were necessary to its encouragement" (p. 151).

Many factors were involved in the new development. Sometimes mills built before 1880 had a social bearing attracting to the industry enterprise and communities with no former manufacturing tradition. Proximity to raw materials, unremunerative farming during the early eighties, quest for new sources of profit, low prices of materials, exemption of factories and of machines from taxation, the desire to give occupation to the unemployed labor of the regions, and many other factors functioned as causes.

Regarding the early employment of child labor the author says: "Search has failed to reveal one instance of protest against their working, but, on the other hand, cotton manufacturing was hailed as a boom especially because it gave means of livelihood to women and children. Poverty-stricken, the South was mustering every resource to stagger to its feet" (p. 95). Not only was the enterprise which inaugurated the new industry largely local, but it was contributed by men from many walks of life. Thus the muster roll of enterprise included "lawyers, bankers, farmers, merchants, teachers, preachers, doctors, public officials

—any man who stood out among his neighbors, or whose economic position allowed him a little freedom of action, was likely to be requisitioned into service or to venture for himself" (p. 106). Capital also was largely contributed by the South, usually in small quantities at first, and for small ventures. "In the East the cotton mill is built from the capital of the rich; in the South it is built from the combined capital of many of little means" (p. 233).

The volume is well documented, and is further enriched by an abundance of quotations from many sources which are inaccessible even to the student of economic history.

ISAAC LIPPINCOTT.

PARKMAN, M. R. *Conquests of invention: Cyrus H. McCormick, Elias Howe, Thomas A. Edison, William Murdock, Robert Fulton, Guglielmo Marconi, Charles Goodyear, George Westinghouse, Eli Whitney, George Stephenson, James Watt, Wilbur and Orville Wright, Alexander Graham Bell.* (New York: Century. 1921. Pp. xiv, 413. \$2.)

POHLE, R. *Sibirien als Wirtschaftsraum. Eine Einführung in das Leben Sibiriens.* (Bonn: Kurt Schroeder. 1921. Pp. viii, 66. 8 M.)

RALPH, F. H. and GRIFFITH, W. J. *A digest of British economic history.* (London: Murray. 1921. 5s.)

RAYMOND, D. N. *British policy and opinion during the Franco-Prussian War.* Columbia University studies in history, economics and public law, vol. C, no. 1. (New York: Longmans. 1921. Pp. 435. \$4.50.)

REES, J. F. *A short fiscal and financial history of England, 1815-1918.* (London: Methuen. 1921. Pp. 246. 6s.)

SCHLEUTKER, H. *Die volkswirtschaftliche Bedeutung der Königlichen Seehandlung von 1772-1820.* (Paderborn: F. Schöningh. 1920. Pp. xvii, 219. 24 M.)

SÉE, H. *Esquisse d'une histoire du régime agraire en Europe aux XVIIIe et XIXe siècles.* (Paris: Giard. 1921. Pp. 276. 15 fr.)

SCHMITT, F. A. *Die Volkswirtschaft im neuen Deutschland. Betrachtungen zur wirtschaftlichen Lage nach dem Londoner Ultimatum.* (Munich: Franz A. Pfeiffer & Co. 1921. Pp. 64.)

SCHULZE, F. *Die Handwerkerorganisation in Freiberg in Sachsen bis zum Ende des 16. Jahrhunderts.* (Freiberg: Craz & Gerlach. 1920.)

SIEVEKING, H. *Gründzüge der neueren Wirtschaftsgeschichte vom 17. Jahrhundert bis zur Gegenwart.* Third edition. (Leipzig: Teubner. 1921. Pp. 110. 14 M.)

_____. *Wirtschaftsgeschichte. II, Vom Ausgang der Antike bis zum Beginn des 19. Jahrhunderts.* (Leipzig: Teubner. 1921. Pp. 136. 6.80 M.)

STIEDA, W., editor. *Hildebrand Veckinchusen. Briefwechsel eines deutschen Kaufmanns im 15. Jahrhundert.* (Leipzig: Verlag von S. Hirzel. 1921. Pp. lvii, 560.)

As far back as 1879, Professor Stieda, then of Dorpat, now of Leipzig, discovered in the archives of the town of Reval a remarkable collection of letters, dating from the fourteenth and fifteenth centuries. He copied these at the time, but was delayed by many untoward circum-

stances, including the war, in his plans for printing them. He has now given them to the public, together with an interesting introduction of fifty-seven pages, in which he summarizes in modern German the story told by these unique documents in the Low German of five centuries ago. The collection as now edited consists in the main of letters written between two brothers, Hildebrand and Sivert Veckinchusen, but a number of other documents, such as wills, are added. There are no less than 544 separate pieces, and they range in date from 1395 to the beginning of the second third of the fifteenth century. These letters relate not only to business, but to family affairs and political events, and form, therefore, a unique source of information regarding the life of the Hanseatic merchants of the early fifteenth century. It is unnecessary to go into the personal history of the two brothers, although the letters reveal lives not only of unremitting industry, but also of daring speculative activity, and some tragedy. Hildebrand, after carrying on his business successfully in Bruges for many years, became involved in debt through too great daring in his ventures, and was thrown by his creditors into a debtors' prison, where he languished for four years. His brother Sivert, who lived in Lübeck, was for a time exiled from his home and obliged to live in Cologne on account of the democratic movement of the mechanics' guilds to capture the city government.

American readers will be especially interested in the facts which illustrate the conditions under which commerce was carried on in those primitive days. Communication was very slow, as there was no regular postal service, and letters had apparently to be sent by special messenger. Robbers were plentiful both on land and sea. Nevertheless, these enterprising merchants of the North Sea dealt actively in bills of exchange and carried on their trade as far as Bergen in the north, Novgorod in the east, and Venice in the south. They dealt in a great variety of commodities, such as butter and wax, salt and figs, almonds, currants, hazel nuts, ginger, pepper, spices, soap, furs and cloth, silk and copper, rye and codfish, iron and lead, and rosaries. The latter played a considerable part in the trade with Venice. It seems at first sight odd to find "Brazilienholz" mentioned as an article of trade some 80 years before Columbus discovered the western hemisphere. But the German word for logwood is not derived from the fact that it was discovered in Brazil; on the contrary, it was because Bois du Brésil was found to grow freely in South America that its name was given to the largest state on the southern continent.

HENRY W. FARNAM.

- STOCKS, M. D. *The industrial state. A social and economic history of England.* (London: Collins. 1921. Pp. 319. 4s.)
- STOLPER, G. *Deutschösterreich als sozial und wirtschafts Problem.* (Munich: Drei Marken. 1921. Pp. 320.)
- SWING, R. *Industrial conditions and phases of life in Germany today.* (New York: Sun Herald Corp. 1921. Pp. 47.)
- TURBERVERVILLE, A. S. and HOWE, F. A. *Great Britain in the Latest Age. From laissez faire to state control.* (London: Murray. 1921. Pp. vii, 342. 7s. 6d.)
- VAN BRUNT, W., editor. *Duluth and St. Louis County, Minnesota; their story and people.* (Chicago: Am. Historical Soc. 1921.)

VANDENBERG, A. H. *The greatest American, Alexander Hamilton.* (New York: Putnam. 1921. Pp. xx, 353. \$2.50.)

VAN DER ESSEN, L. *Contribution à l'histoire du Port d'Anvers et du commerce d'exportation des Pays-Bas vers l'Espagne et le Portugal à l'époque de Charles-Quint.* (Antwerp: Imp. E. Secelle. 1921. Pp. 30.)

VAN METRE, T. W. *Economic history of the United States.* (New York: Henry Holt & Co. 1921. Pp. viii, 672.)

The first interesting feature in this new secondary text is the absence of lists of reading references. The author believes that students are likely "to derive much more benefit from hunting for the information than from the information itself," and that they should therefore be taught to compile their own bibliographies for the indispensable further reading. He does, however, append a suggestive list of fiction, travel, description, and biography, whereby the average student may widen his acquaintance with such works. The book also marks off somewhat different periods of economic growth from those ordinarily made. It starts as usual with a sketch of our natural resources and historic beginnings, and agrees with the conventional practice in making the colonial era our first economic period, and in dividing the changes since 1873 into two periods, the first characterized by large-scale production and competition, and the second by industrial combination and government regulation. The variation appears in the treatment of the interval between colonial days and recent times, which the author separates into the following three epochs: from 1763 to 1819, during which years foreign trade formed the economic activity of chief concern; from 1819 to 1840, when the "American system" predominated; and from 1840 to 1873, when westward expansion constituted the controlling economic influence that unified these decades. These sections are named, "The new nation," "The American system," and "The occupation of the Great West." Most of the periods receive practically the same amount of space, the largest number of pages being devoted to the development since 1893. Our four chief wars have been subordinated as phases of this or that period; and the aftermath of each one is gathered up as a part of the era in which the war occurred. The economic aspects of the World War are discussed with considerable fullness.

Professor Van Metre has shown skill in subduing that irrepressible conflict between politics and economics that arises from trying to deal with both within a single volume. The historical background is not unduly condensed. Some of the paragraphs indirectly teach worthwhile citizenship. At the end of each chapter are a few questions and topics that one would like to quote from liberally; and scattered through the book are maps, charts, and many illustrations. The appendix contains a set of statistics for use in making charts and graphs.

AMELIA C. FORD.

VIEIRA DA ROCHA. *Le Portugal au travail.* (Paris: Roger & Cie. 1921. Pp. 318.)

VISVESVARAYA, M. *Reconstructing India.* (London: King. 1921. Pp. 340. 7s. 6d.)

WATERS, C. M. *A school economic history of England.* (New York: Oxford Univ. Press. 1920. Pp. 315.)

It would seem that economic history is not yet generally taught in

English secondary schools. According to the preface English teachers are showing signs of a desire to have less political history and more of the life and business of the common people, but textbooks suitable for students in the secondary and continuation schools are lacking. This book has been written to meet this need. The work covers the economic development of England from the Norman Conquest down to 1750.

From the Conquest as a starting point, the material is grouped according to centuries, those singled out for study being the eleventh, the thirteenth, the fourteenth and fifteenth taken together, then the following ones in order down to 1750. As modern economic history in England begins in the sixteenth century, the most space is given to that period. In each topic, the discussion follows three lines: the country, the town, and government policies; occasionally overseas trade is touched upon, and once the medieval church. The book is organized with the extremest care. The chief ideas are so introduced, numbered and lettered, and summarized at the end of each chapter that good memory work ought to make a master of the contents. There is an impressive list of valuable illustrations, many of them early woodcuts from ancient books. Most of the information included on the position of women at different periods is from yet unpublished researches.

AMELIA C. FORD.

WENDEL, H. C. M. *The evolution of industrial freedom in Prussia 1845-1849*. (New York: N. Y. Univ. Press. 1921. Pp. 114. \$3.)

WILBUSCHEWITSCH, N. *The industrial development of Palestine*. Translated by EDEN and CEDAR PAUL. (London: Trade and Industry Dept., Central Bureau of the Zionist Organization. 1921. Pp. 54. 2s 6d.)

WILLIAMS, A. R. *Through the Russian revolution*. (New York: Boni & Liveright. 1921. Pp. viii, 311. \$2.)

WILLIAM, M. *The social interpretation of history*. (Long Island City, N. Y.: Sotery Pub. Co. 1921. Pp. 397. \$3.)

WILMOT-BUXTON, E. M. *A social history of England*. (New York: Dutton. 1921. \$2.)

Anglo-South American handbook for 1921, incorporating Mexico and Central America. Edited by W. H. KOEBEL. (London: Federation of British Industries. 1921. Pp. cxiv, 929.)

Austria to-day. Supplement to the Annals, November, 1921. (Philadelphia, Pa.: Am. Academy of Polit. and Social Science. 1921. Pp. 74.)

Economic development of the Argentine Republic in the last fifty years. (Buenos Aires: Ernesto Tornquist & Co. 1919. Pp. xix, 328.)

Economic rights in mandated territories: correspondence between H. M.'s Government and the United States ambassador. Misc. no. 10. (London: H. M. Stationery Office. 1921. 13s. 2d.)

Hageland. Zijne plattelandse bevolking in de XIXe eeuw. (Brussels: Lamertin-Hayez. 1921. Pp. 490.)

A half century of achievement; a book commemorating the fiftieth anniversary of the establishment by F. P. Sheldon of the firm now known as F. P. Sheldon & Son. (Providence, R. I.: F. P. Sheldon & Son. 1921. Pp. 101.)

Heaton's annual. The commercial handbook of Canada and Board of Trade register. Seventeenth year. (Toronto, Canada: Heaton's Agency. 1921. Pp. 550. \$2.)

Liberal year book for 1921. Seventeenth year. (London: Liberal Publication Dept. 1921. Pp. 300. 1s. 6d.)

Our situation today—a country-wide economic survey. (New York: Am. Bankers Assoc. 1921. Pp. 84.)

Proceedings of the Hague Peace Conferences. The Conferences of 1907. Vol. II, Meetings of the First Commission. Vol. III, Meetings of the Second, Third, and Fourth Commissions. Publications of the Carnegie Endowment for International Peace, JAMES BROWN SCOTT, director. (New York: Oxford Univ. Press. 1921. Pp. lxxxi, 1086, 1162.)

Reports presented to the General Congress of Russian Manufacturers and Merchants. (Paris: Imp. Rirachovski, 5, Rue des Gobelins. 1921.)

Die Sanktionen der Ruin des Rheinischen Wirtschaftslebens. (Cologne: Buchdruckerei von J. B. Helmann. 1921.)

Statistical view of ninety-one years' progress in Western Australia, 1829 to 1920. (Perth, Western Australia: Fred Simpson. 1921. 9s.)

D. A. Thomas, Viscount Rhondda. By his daughter and others. (London: Longmans. 1921. 21s.)

His record as a coal owner, Mr. David Evans says, "resumes the industrial development of the period; illustrates the movement of capitalism towards combination, as well as the struggles between Capital and Labour that marked the transition. To Labour in South Wales D. A. Thomas stood for capitalism as no other man did."

Treaties, and agreements with and concerning China, 1894-1919. Vol. I, *Manchu period (1894-1911).* Vol. II, *Republican period (1912-1919).* Compiled and edited by JOHN V. A. MACMURRAY. Publications of the Carnegie Endowment for International Peace, Division of International Law. (New York: Oxford Univ. Press. 1921. Pp. xli, 928; 800.)

Contains many documents relating to commercial conventions and agreements. These include treaties and agreements of other countries as well as the United States and China.

Agriculture, Mining, Forestry and Fisheries

NEW BOOKS

BARKER, A. *The British corn trade from the earliest times to the present day.* (New York: Pitman. 1921. Pp. viii, 182.)

BIZZELL, W. B. *Farm tenantry in the United States. A study of farm tenantry and its economic and social consequences on rural welfare with special reference to conditions in the South and Southwest.* (College Station, Texas: Tex. Agri. Experiment Station. Division of Farm and Ranch Economics, bull. 278. 1921. Pp. 408.)

BORET, V. *Pour et par la terre.* (Paris: Payot. 1921.)

BOWLES, C. E. *The petroleum industry.* (Kansas City, Mo.: Schooley Stationery & Printing Co. 1921. Pp. xv, 189.)

BOYLE, J. E. *The law of supply and demand and the wheat market.* (Washington: Dept. of Agri., Bureau of Markets and Crop Estimates. 1921.)

BOYLE, J. E. *Rural problems in the United States.* (Chicago: A. C. McClurg. 1921. Pp. 142. \$1.)

DERRICK, S. M. *Farm tenure in South Carolina.* Bull. no. 89. (Columbia, S. C.: University of South Carolina. 1920. Pp. 32.)

DOYLE, K. D. *Agriculture and irrigation in continental and tropical climates.* (New York: Dutton. 1921. Pp. xv, 268. \$7.50.)

EUCKEN, W. *Die Stickstoffversorgung der Welt. Eine volkswirtschaftliche Untersuchung.* (Berlin: Deutsche Verlags-Anstalt. 1921.)

GILBERT, C. G. and POGUE, J. E. *America's power resources: the economic significance of coal, oil, and water-power.* (New York: Century. 1921. Pp. xiv, 325. \$2.50.)

Waste of power resources occurs not only in losses in mining and transportation, nor in the improper methods of consumption in home and factory, but in the lack of coördination of the uses of power resources, and in the failure to develop ancillary industries which might employ other valuable products which are contained in these substances. Coal is something more than stored-up energy; it is the source of a multitude of products, which now largely go to waste because of the single use to which the raw material is put. The "present utilization of coal, therefore, involves a very low recovery of the energy content and an almost total loss of the commodity values present. This, of course, necessitates the production, transportation, and distribution of a much larger quantity than would otherwise be required" (p. 65). It also "requires the imports of materials which might be manufactured from the non-energy components; holds back the development of latent possibilities of coal products; besmears with dirt and smoke an untold wealth in civic improvements" (p. 65).

This problem is also connected with the distribution of power, the localization of industries, and with coördination of the enterprises of the country. As the result, "we have permitted, unchecked, the development of harmful concentrations of industrial activities in limited areas favored with fuel, to the creation and aggravation of labor problems that seem insolvable" (p. 313). What is needed, therefore, is a coördinated development of our energy resources, a system of production for our energy materials which will be in harmony with the geographical occurrence of the varied power resources, the development of a common-carrier system for energy transportation, a revision of methods of utilization of energy materials to insure both a higher recovery of the energy content and of the latent commodity values, and a "weaving together, a coördination, of the entire field." This is not a matter of government ownership or operation. "No single formula will suffice" (p. 316). "The real need is for a revision in the basic economics of energy supply, not for a mere shifting of control from one set of hands to another" (p. 318). Far from encouraging the concentration which is necessary to bring about the desirable results, the policy of the government thus far has opposed this end.

The volume presents a new point of view on the utilization of resources. It is a treatment of the broader aspect of the conservation problem as

applied to energy. The treatise is both interesting and stimulating, and should be read by those who are concerned with the devising of the economic policy of the country.

ISAAC LIPPINCOTT.

- GONNARD, R. *La réforme agraire dans les pays de l'Europe centrale.* (Paris: Bureaux de la Revue Politique et Parlementaire. 1921. Pp. 21.)
- GOODALE, S. L., compiler. *Chronology of iron and steel.* Edited by J. R. SPEER. (Pittsburgh, Pa.: Pittsburgh Iron & Steel Foundries Co. 1920. Pp. 294.)
- GRAY, L. C. *Helping landless farmers to own farms.* Yearbook separate 844. (Washington: Dept. of Agri. 1921. Pp. 17. 5c.)
- MATTHEWS, F. *Commercial commodities.* (New York: Pitman. 1921. Pp. vii, 319. \$2.50.)
- OSBORNE, S. *Die oberschlesische Frage und das deutsche Kohlenproblem.* Second edition. (Berlin: Georg Stilke. 1921. Pp. 304.)
- POGUE, J. E. *The economics of petroleum.* (New York: Wiley. 1921. Pp. ix, 375. \$6.)
- ROUSH, G. A. *The mineral industry.* (New York: McGraw-Hill. 1920. Pp. 938. \$10.)
- WILSON, C., compiler. *Wilson's mining laws, United States; Arizona, California, Colorado, Nevada, Oregon and Utah.* (Los Angeles, Calif.: Fletcher Ford Co. 1921. Pp. 240.)
- WOODS, K. S. *The rural industries round Oxford.* A survey made on behalf of the Institute for Research in Agricultural Economics. (Oxford: Clarendon Press. 1921. Pp. 180.)
- Commercial atlas of foreign countries.* Second edition. (Chicago: Rand McNally. 1921. \$35.)
- Fur farms, 1920.* (Ottawa, Canada: Dominion Bureau of Statistics. 1921. Pp. 23.)
- Raw material situation in the United States.* (Paris: International Chamber of Commerce, 33, Rue Jean Goujon. 1921. Pp. 20.)
- The Swedish agricultural laborer.* (Stockholm: Swedish Government Delegation for International Collaboration in Social Politics. 1921. Pp. 94.)
- United States Department of Agriculture, Yearbook, 1920.* (Washington: Dept. of Agri. 1921. Pp. 888.)

Manufacturing Industries

NEW BOOKS

- AYRES, L. P. *The automobile industry and its future.* (Cleveland, Ohio: Cleveland Trust Co. 1921. Pp. 32.)
- FORRESTER, R. B. *The cotton industry in France: a report to the electors of the Gartside scholarships.* With an introduction by D. H. MACGREGOR. (New York: Longmans. 1921. Pp. xvi, 142. \$3.75.)
- LIPSON, E. *The history of the woollen and worsted industries.* (London: A. and C. Black. 1921. Pp. x, 273.)

Transportation and Communication

The American Railroad Problem, a Study in War and Reconstruction.

By I. LEO SHARFMAN. (New York: The Century Company. 1921. Pp. ix, 474. \$3.00.)

After a brief review of the conditions under which railroads were constructed, operated, and regulated prior to the Great War, Professor Sharfman develops in great detail and with illuminating comment the difficulties under which the railroads operated under private management during the first year of the war; the problems confronting the government in its operation during the war, and the way the difficulties were met. Then follows a discussion of the essential elements underlying a reconstructive policy, with an analysis of the Transportation act of 1920.

There are three outstanding features in his review: first, a just appreciation of the importance of the labor problem in solving the railroad problem; secondly, the development of the fundamental problem of the relation of rates and finance to service, the ultimate function of transportation; and thirdly, the tendency of regulation as it becomes more extended to usurp the functions of railroad management, with the result of a tendency towards unification of practices and perhaps the eventual nationalization of railroads.

The discussion of labor is the most important contribution to the subject of railroad adjustments. The author very rightly calls attention to the fact that the labor problem has not received the attention which it ought to receive in working out any constructive program of regulation. The problem of labor was thrust upon the Railroad Administration at the outset, and the author gives a very interesting and, on the whole, accurate account of the part which labor played during government control. No function of the Railroad Administration has been more criticised than its handling of the labor problem. The writer shows, however, that the wage advances were practically all determined by an independent wage board, of which Secretary Lane was chairman. It is not the basic rate of wages which has come in for the greatest amount of criticism, but rather the so-called national agreements regulating the conditions of labor. Many of the agreements with labor were unjustifiable, and were adopted under conditions which reflect little credit upon the Railroad Administration. The Administration was represented in its negotiations with the organizations by labor men, some of whom were on leave of absence from their brotherhoods. The point of view of management was not represented, and it is no wonder that labor got about what it wanted. The author makes no mention of this. The deceptive nature of the Adamson law and the circumstances under which it was enacted are treated altogether too

tenderly. The act purports to regulate the hours of service, whereas in fact it simply is a means of regulating wages. Even President Wilson attempted to defend it as an hours-of-service act. As a matter of fact it simply made eight hours as the basis for a day's pay.

The general treatment of the important place which the labor problem should have in any general regulatory system is most timely and the conclusions are wise. Labor must be treated fairly and there must be an opportunity to refer complaints to an independent tribunal. The greatest care and thought must be given to the organization of such a tribunal. With the establishment of a trusted and efficient labor board "the transportation workers must definitely accept the necessity of curtailing their absolute freedom of action in the railroad industry."

The second important feature which is developed was the inadequacy of regulation to establish the credit of the railroads prior to the passage of the Transportation act. Regulation has been repressive and corrective rather than constructive and helpful. To the extent that it was framed for the elimination of evils it has been successful; but it has offered nothing in the way of a constructive policy looking to the strengthening of service. The real problem, namely, that of the weak and the strong roads is fully developed and various remedies discussed, and the use of excess earnings of the strong roads to assist the weak roads is justified. The Transportation act is based upon this fundamental conception, but the business and traffic conditions have been so abnormal since its passage that its effectiveness has had no opportunity to be demonstrated.

The advocates of government operation will not be greatly displeased with the book, and somehow when one has finished reading it he has a feeling that it is not going to be long before the author becomes an advocate of nationalization of railroads. Apparently he is tending in this direction not because of any crude theory of the right of the public to operate its utilities, but by the logic of events. Competition is wasteful; competition has been tried but is gradually being restrained. With the gradual elimination of competition comes the necessity for stricter public supervision, so that now the regulatory bodies are becoming managers as well as regulators of railroads. The reason for private ownership is that better results are secured by the full operation of private initiative. By the extension of regulation private initiative is greatly lessened, and thus the principal reason for private operation becomes weaker and weaker. This is the language, too, of the railroad executive, who claims that he has no freedom of action; that his income is regulated by the public and that his expenses are largely regulated in the same way.

It is quite the trend of economic thought to favor the elimination of competition in the operation of public utilities. Unquestionably,

we desire monopoly in the telephone service and in the operation of localized utilities, but full appreciation is not given to the benefits of competition in transportation. If we can restrain destructive competition and at the same time maintain helpful competition, which is largely competition in service, we shall still give a field for the operation of private initiative. We should resolutely face the problem of strengthening private initiative, even if thereby we have to relax the rigors of public regulation. Professor Sharfman is quite right in pointing out the inevitable tendency towards nationalization and government operation unless something is done to increase the enterprise of the railroad managers.

The book deals with matters of railroad operation during the last few years presenting information which is not easily accessible, but more fundamental is the calm and thoughtful comment running through the entire historical development. The book is timely, adequate, and immensely helpful in comprehending our great railroad problem.

EDGAR J. RICH.

NEW BOOKS

- ATTERBURY, W. W. *Let railroad men run the railroad business.* (Philadelphia: Pennsylvania Railroad System. 1921. Pp. 14.)
- CLAPP, E. J. *Charleston port survey, 1921.* (New York: Author, 50 Vanderbilt Ave. 1921. Pp. 288.)
- GROENER. *Die Eisenbahn als Faktor der Politik.* (Stuttgart: Ferdinand Enke. 1921. Pp. 13. 3.60 M.)
- VON KIENITZ, R. *Technik und Rechtskunde in der Eisenbahnverwaltung.* (Berlin: Julius Springer. 1921. Pp. 30.)
- LANE, F. VAN Z. *Motor truck transportation. The principles governing its success.* (New York: N. Y. Univ. Press. 1921. Pp. 159. \$2.)
- MCKAY, C. W. *Telephone rates and values.* (Boston: Cornhill Pub. Co. 1921. Pp. 245.)
- MILLAUD, R. *Les chemins de fer.* (Paris: Hachette. 1921. Pp. 189.)
- OLARIAGA, L. *La cuestion de las tarifas y el problema ferroviario Español.* (Madrid: Calpe. 1921. Pp. 243.)
- OLDHAM, J. E. *A plan for railroad consolidations, including a discussion of their purpose and practicability.* (Chicago: Investment Bankers Assoc. of America. 1921. Pp. 64.)
- TOLLEY, H. R. and CHURCH, L. M. *Motor trucks on eastern farms.* Farmers' bull. 1201. (Washington: Dept. of Agriculture. 1921. Pp. 23.)
- WALDEN, C. F., compiler. *Freight traffic guide: compilation of the rules, regulations, laws, and practices which govern interstate transportation of freight, express, and parcel post.* (New York: Y. M. C. A. Press. 1921. Pp. xxxvi, 361.)
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- _____. *Fundamentals of transportation.* (New York: Y. M. C. A. Press. 1921. Pp. xv, 157.)

WILLIAMS, H. G. and FAGG, C. J., compilers. *The freight traffic red book for those actively engaged in traffic work.* 1922 edition. (New York: The Traffic Pub. Co., 150 Lafayette St. 1922. \$6.)

ZIMMERMANN, E. W. *Zimmermann on ocean shipping.* (New York: Prentice-Hall. 1921. Pp. 691.)

Eleventh annual report on the statistics of express companies in the United States, December, 1920. (Washington: Interstate Commerce Commission, Bureau of Statistics. 1921. Pp. 12.)

The Interstate Commerce act, including text of related sections of various acts, revised to August 1, 1921. (Washington: Interstate Commerce Commission. 1921. 20c.)

Port of Baltimore. (Baltimore, Md.: Export and Import Board of Trade, 106 S. Gay St. 1921. Pp. 63.)

Ship operating costs at the port of Baltimore. (Baltimore, Md.: Export and Import Board of Trade. 1920. Pp. 5.)

The Shipping Board and our merchant marine. (New York: Mechanics & Metals National Bank. 1921. Pp. 35.)

Telephone service. Circular no. 112. (Washington: U. S. Bureau of Standards. 1921. Pp. 214.)

Traffic geography. Fourth edition. (Chicago: American Commerce Assoc. 1921. Pp. xi, 321.)

Trade, Commerce, and Commercial Crises

Marketing Agricultural Products. By BENJAMIN HORACE HIBBARD. (New York: D. Appleton and Company. 1921. Pp. xv, 389. \$2.50.)

A certain foreign student of agricultural marketing who last year spent several months out in the states among the farmers and county agents, brought back the report that in Wisconsin he found more healthy sentiment and honest understanding with respect to marketing problems than in almost any other state he visited. Foremost among the reasons for this is the fact that during the past nine years probably a thousand young men have gone out into the state as farmers, teachers and extension workers who have taken lectures on marketing at the University of Wisconsin under Professor Hibbard. The present book is the outcome of a course which for many years Professor Hibbard gave under the name of *Coöperation and Marketing*. Like the course itself, the book really gives major emphasis to farmers' movements and to coöperation. Marketing as such occupies only the first one hundred and eighty pages of the book.

No doubt the reason that Professor Hibbard has given so much attention to the history of farmers' movements (part II) in a course and a treatise on marketing is that he believes that the story of the various attempts and failures of the farmers to solve their marketing

problems in the past is the most valuable instruction anywhere to be obtained. History shall not repeat itself. There will be many, however, who will hold that the limited space available in a book of less than four hundred pages would be better utilized if more of it was devoted to the principles of marketing. And yet, as indicated, Professor Hibbard's method seems to have given good results in the classroom and at large.

Part III is devoted to coöperative marketing. The general form and the essential characters of the successful coöperative organization are well analyzed. The last five chapters discuss the organization and business practices of the coöperative agencies marketing grain, livestock, and the other farm products. Considerable of the material presented in these chapters is the same as is included in chapters on the marketing of grain, or livestock, or wool in the regular textbooks.

No field in economics is generally recognized by economists as more important than marketing. However, thus far it has attracted relatively few students. To the truth of this statement anyone will testify who has recently been looking for properly trained young men ready and willing to work in this field. In despair, a number of important departments of economics have fallen back upon men who have come into the field through journalism, advertising, salesmanship, or practical experience. When encouraged to work in marketing, our promising graduate students in economics have frequently told us that the subject seemed to them to be largely descriptive, and to present no important theoretical problems.

Hence it is with peculiar interest that one reads in Professor Hibbard's preface: "The facts and descriptions of the marketing process are more readily obtainable than are discussions of principles. It has been my purpose to discuss principles, using facts and descriptions as needed for illustrative purposes." And one's expectations are in part realized. Part I is in considerable measure a presentation of principles. In fact, one can go so far as to say that it is by all means the most complete discussion of the principles of marketing that has thus far appeared. This book easily does more to win the respect of economists for the subject of marketing than any book written in this country on the subject.

But here one must stop. No part of economic theory is more under attack than the theory of price. Any important contribution to the theory of price must necessarily come from a study of the market. Chapters 14 and 15 devote twenty pages to the subject of price, presenting for the most part various practical programs for the controlling of price, or certain ordinary observations with respect to the relation between costs and price. Little is said of anything which bears upon the moot points of price theory. Another theoretical

consideration of great interest is the incidence of various marketing costs. Chapter 6 has several pages of analysis, excellent as far as it goes, of just one of these costs—transportation. Nothing would be more welcome to marketing men at the present moment than a thorough-going analysis of marketing organization in the abstract. The controversy recently waged as to integrated marketing has to do with only one of a large number of problems in this field. Nearly all that is said on this subject in the present volume is introduced as a phase of co-operative organization.

One could very easily be unfair to the author of *Marketing Agricultural Products* in the respects just mentioned. For the most part, the theoretical analysis we should like has not yet been developed. Furthermore, no one man working in the field of marketing is likely to develop more than a part of it. What is proper to say here is that one can only regret that Professor Hibbard has not expanded the one hundred and eighty pages of discussion of principles into a whole volume, leaving his discussion of farmers' movements and the like for another occasion. Until this is done, those who are interested in the teaching of marketing as a body of principles will probably resort to using part I of the present volume as a general framework, filling in the gaps from whatever sources are available.

Is it proper to remark at this point that perhaps with this volume we have had enough for a while of general treatises on marketing? What we need now is a large number of careful, detailed studies of various phases of marketing, particularly the three above mentioned. Until this is done, it is doubtful if anyone else can improve greatly upon what we now have. There is no use in repeating in one textbook after another the old generalizations about marketing. Even Professor Hibbard's fresh easy style does not entirely save the present volume from sounding platitudinous. Fundamental to a program such as just indicated is a large amount of careful research work. It begins to look as if we were at last going to get research work of the type needed from the now reorganized United States Bureau of Markets.

JOHN D. BLACK.

University of Minnesota.

NEW BOOKS

- BERLINER, S. *Organisation und Betrieb des Export-Geschäfts in China. I, Allgemeiner Teil und Buchführung.* Two vols. (Hanover: Hahn. 1920. Pp. 167, 131. 21; 16.80 M.)
- BLUM, O. *Der Weltverkehr und seine Technik im 20. Jahrhundert.* Vols. I and II. (Stuttgart: Deutsche Verlagsanstalt. 1921. Pp. viii, 300; vi, 309. 72 M.)
- BÖCKER, W. *Der Weltwarenhandel und seine juristisch-wirtschaftliche*

- Gestaltung.* (Berlin: Puttkammer & Mühlbrecht. 1921. Pp. iv, 96. 16.50 M.)
- COLE, E. W. *Fundamental principles in marketing farm products.* (Austin, Texas: State Dept. of Agri., Bureau of Markets. 1921.)
- DANOS, G. *L'idée de l'autarchie économique et les statistiques du commerce extérieur.* (Paris: Recueil Sirey. 1921. Pp. 92.)
- GERVAIS, P. and GOUY, P. *L'exportation des vins.* (Paris: Payot. 1921.)
- HOUGH, B. O. *Practical exporting; a handbook for manufacturers and merchants.* Seventh edition. (New York: Johnston Export Pub. Co. 1921. Pp. 529.)
- IVEY, P. W. *Principles of marketing. A textbook for colleges and schools of business administration.* (New York: Ronald. 1921. Pp. 351.)
- LEHFREUND, L. *Die Entwicklung der deutsch-russischen Handelsbeziehungen.* (Leipzig: Bitterling. 1921. Pp. 105. 10 M.)
- MARIZIS, J. *Les sociétés coopératives de reconstruction.* (Paris: Tailandier. 1921. 2 fr.)
- MATHIES, O. *Die ständigen Schiedsgerichte des Hamburger Grosshandels.* (Braunschweig: Georg Westermann. 1921. Pp. 204.)
- MAYR, R. *Lehrbuch der Handelsgeschichte auf Grundlage der Sozial- und Wirtschaftsgeschichte.* Fifth edition. (Vienna: Alfred Hölder. 1921. Pp. 297. 24 M.)
- PESEL, L. D. *Das Dumping. Preisunterbietungen im Welthandel.* (Munich: J. Schweitzer Verlag. 1921. Pp. vii, 139.)
- POSSBERG, H. *Die neuere Entwicklung des Kohlenmarktes in Deutschland.* (Berlin: Verlag Deutsche Kohlenzeitung. 1921. Pp. 140.)
- RAWLEY, R. C. *The silk industry and trade.* (London: King. 1921. 10s. 6d.)
- ROBERTSON, J. *Robertson's universal method. Q. E. D. For export and import trade.* (London: Scott, Armstrong & Co., 79 Coleman St., E. C. 2. 1921. 2s. 6d.)
- SIEGER, R. and others. *Produktion, Verkehr und Handel in der Weltwirtschaft.* (Vienna: Seidel. 1921. Pp. xv, 680. 110 M.)
- SMITH, A. M. *The British in China and Far Eastern trade.* (New York: Dutton. 1921. \$7.)
- WHITE, P. *Market analysis, its principles and methods.* (New York: McGraw-Hill Book Co. 1921. Pp. 340. \$3.50.)
- Anuario de la América Latina.* Vols. I and II. Third year. (Barcelona: Bailly-Baillière-Riera. 1921. Pp. 1332, 1002.)
- Foreign commerce and navigation of the United States for the calendar year 1920.* U. S. Dept. of Commerce, Bureau of Foreign and Domestic Commerce. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. viii, 624. \$1.25.)
- The governor and company of adventurers of England trading into Hudson's Bay during two hundred and fifty years, 1670-1920.* (London: Hudson's Bay Co. 1920. Pp. 129.)

The International Chamber of Commerce. Constitution and rules. An explanation of its purpose, plan, and scope. (Paris: Intern. Chamber of Commerce, 33, Rue Jean-Goujon. 1921. Pp. 24; 17.)

The international directory of leaders in world trade of all countries; an annual who's who. 1921 edition. (Washington: American Bureau of Trade Extension, Inc. 1921. Pp. 728.)

International trade. International Financial Conference, paper no. 5. Printed for the League of Nations. (London: Harrison & Sons. 1921. Pp. 68. 2s.)

Latin American foreign trade in 1919, general survey. Reprinted from the January, 1921, issue of the *Bulletin of the Pan American Union*. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 12.)

Stockholms handel och sjöfart, Statistisk översikt av. Arg XIX. (Stockholm: Beckman. 1921. Pp. 10, 7. 2 Kr.)

Trade of India in 1919-1920. Department of Statistics, India, no. 1319. (Calcutta: Supt. Gov. Printing, India. 1921. Pp. vi, 89. 12 annas.)

Accounting, Business Methods, Investments, and the Exchanges

The Fundamentals of Accounting. By WILLIAM MORSE COLE. (Boston: Houghton Mifflin Company. 1921. Pp. xi, 434. \$3.50.)

Instructors and students of accounting, who are interested in more than the mechanics of the subject, will be delighted in the publication of this new and comprehensive text. The method of the book, as stated by the author, is philosophical. In some ways the subject is treated as in *Philosophy of Accounts* by the late Professor Sprague. Inasmuch as the book deals entirely with fundamentals very little new material is presented, but old material is presented in a new and pedagogically sound way. In contrast with the method used in his previous volume, entitled *Accounts: Their Construction and Interpretation*, the author has chosen the balance-sheet method of presenting the subject. By use of "ownership-claim" to represent both external and proprietary liabilities, he works out clearly all types of changes that take place in the balance sheet. In the second chapter the author explains the theory of double entry and shows its relation to these changes. Debit and credit are discussed in the third and fourth chapters. At this stage the "account" is introduced, and the author shows the application of the principles of double entry to accounts and to the balance sheet, but not to the books of original entry. The method used in presenting the theory of debit and credit is unique, and enables the student to understand the philosophy or real principles involved instead of leaving him satisfied with mechanical rules only. Yet working rules are not omitted, and the student may obtain thorough practice in applying those rules to concrete transactions.

In chapter five the simple statement of profit and loss is introduced to explain the changes that have taken place in the balance sheet. In other words, the income statement is presented only when the need of additional statistical information is necessary to explain the changes in proprietorship. The next two chapters discuss the operating statement, first, under cost-accounting methods, and, second, under inventory methods. The author perhaps over-emphasizes the momentary accuracy of a balance sheet, for most accountants believe that in case of manufacturing or mercantile businesses a balance sheet can at best be only an approximation to facts. Therefore, the distinction must not be too finely drawn that a balance sheet reflects the true financial condition of a business as of a given moment of time, but that it fails to do so immediately after additional transactions have taken place. The author bases his presentation of the principles of accounting on the premise "that expenditures are not made ordinarily in vain, but for a return, and that therefore the assets given up in one form are received back in another" through conversion by business processes. This is true not only in manufacturing, but also in all business activities. By such an approach the fundamental principles of accounting are presented through what is ordinarily termed the cost-accounting method.

The almost complete elimination of nominal accounts has dispensed with one of the most difficult problems that confronts the average student or instructor in accounting. It is to be regretted, however, that the author has continued the mixed merchandise account, which accountants generally have ceased to use. A writer on accounting may either *follow* current practice, or he may advocate principles in anticipation of future practice; in the treatment of notes receivable discounted and of the allowance for depreciation the author is in advance of much current practice.

Not until chapter nine is the mechanics of bookkeeping introduced. There are three main principles in bookkeeping, (a) the distinction between debit and credit, (b) the principle of the labor-saving device, and (c) the distinction between charges to capital and charges against revenue. The principles of debit and credit have been presented in the preceding chapters, but in chapter nine the books of original entry are first introduced. In the chapters immediately following, the author introduces the use of the trial balance, labor-saving devices in books of original entry, labor-saving devices in ledgers, and highly developed or specialized labor-saving devices, such as cash discount columns, contra entries, combined books, tabular ledgers, and the voucher system. The technique of closing the books is presented in chapter fourteen. The journal entry method makes possible either the conversion of operating accounts into nominal accounts, or the conversion of operating accounts into real accounts. Both methods are illustrated. Whether

the journal entry method or the direct cross entry method in the ledger is used may depend, as the author states, less on a matter of principle than of taste or adaptation to circumstances; however, the author should, we believe, take some definite stand as to the method to be used. Auditors have experienced very great difficulty in tracing fraud if cross entries have been used in the ledger; for this reason most public accountants and many instructors in accounting have taken a definite stand in favor of the journal entry method of closing. In chapter fifteen the author discusses other mechanical devices, giving particular attention to such auxiliary records as petty cash, the bill and note books, accounts receivable and payable books, ticklers, and other special statistical records.

Some peculiarities of corporation accounts are presented in chapter sixteen. Among the topics discussed are the nature of capital accounts, the distinction between the issue and the sale of capital stock, stock issued and reacquired by the treasury, and capital stock of no par value. The author seems to take the stand that treasury stock should be shown in the balance sheet as an asset. This is not accepted as the best practice; it is permissible when the item of treasury stock is substantially small in amount and is held as a temporary investment only. As a general rule, all stock in the possession of the corporation which issues it should be deducted from the liabilities side of the balance sheet so as to set forth the number of shares in the undertaking which have really been issued to and remain in the hands of the public as of the date of the balance sheet. Again, it would seem that in the discussion of no par value stock the term "invested capital" is not so applicable as "capital stock of no par value," or similar title, because the former term has come to have a very definite meaning for taxation purposes. Neither should it be said that surplus will always represent the excess of net assets above such investment, for the reason that the shares are usually given a nominal value and in actual practice the company often shows a large capital surplus paid in at the time of the stock issue.

In chapter seventeen, entitled "Where do profits begin," cost is defined, for accounting purposes, as "outlay" and as "the disappearance of value in the acquisition of other value." It would appear, therefore, that the author contradicts himself when in chapter twenty-two he endeavors to prove that interest on investment is, for accounting purposes, a part of cost. In this volume, however, the author does state that the real necessity for including in cost the interest on investment is not a financial reason, but in order that comparative costs or statistical figures may be obtained as between different departments or between different plants within a composite organization.

In the remaining chapters the author discusses the problems of de-

preciation and maintenance, showing the necessity of usually considering depreciation and maintenance together, the disposition of profits, the interpretation of financial statements, in which ultimate and immediate solvency is differentiated, and the effect of interest on values. The balance sheets presented in chapter twenty are particularly clear, and business organizations would do well to adopt the form of financial statements here outlined. The four short appendices discuss drafts, simple interest and bank discount, compound interest and annuities, and single entry.

The book contains a full table of contents, and is well indexed. The text is artistically displayed and is easy to read; each paragraph in the entire volume is given a bold-face heading. At the conclusion of each chapter are problems and exercises which will further assist in its use as a text. An answer book has been prepared which will also be an aid to the instructor. The style is pleasing, and the work possesses a literary finish not ordinarily found in a text on accounting.

J. HUGH JACKSON.

With Price, Waterhouse & Co., New York.

Investment Analysis. By WALTER EDWARDS LARGERQUIST. (New York: The Macmillan Company. 1921. Pp. xviii, 772.)

In 672 pages of text, 100 pages of appendices, and 18 pages of index, the author has arranged a comprehensive survey of the subject from the point of view of the conservative investor. The volume is divided into four books.

The first book discusses the general considerations pertaining to all investments, such as: the criteria for analyzing the investor and the investment; the terminology and classes of bonds and mortgages; the structure and analysis of a typical corporation report; the essential elements in mortgage securing bonds; the rules and customs regarding the underwriting, issuance, and transfer of securities; net yields and the use of bond tables; a discussion of bank reserves and interest rates as they affect the prices of bonds cyclically; the regulations of blue-sky legislation and the problem of taxation and tax exemption of bonds.

The second book describes all important forms of corporation bonds topically as follows: railroad, railroad equipment, street and inter-urban railways, electric light and power, gas, hydro-electric power, water, telephone and telegraph, Great Lakes steamship, industrial, and timber bonds. A similar topical arrangement in book three discusses real estate mortgages, real estate bonds, Federal Land Bank farm-loan bonds, irrigation securities, and drainage and levee district bonds. Book four treats of civil loans including those to the United States and

foreign governments, state, county, city, town, and special assessment districts in the broader functional method.

When this volume is compared with all the other works brought forth on this subject during the last fifteen years, it excels unquestionably as to comprehensiveness, although the treatment of preferred stock as a possible investment is relegated to an isolated page or two; and the treatment of foreign government bond issues is somewhat skimmed in view of their current and impending importance. The value of this chapter would be enhanced by specific reference to and comment upon the larger loans current in the United States of the principal borrowing countries. Thoroughness characterizes the work of the author and the treatment of some phases is carried to the point of meeting specialists' needs. Indeed, the implications of the subject in accounting, law, corporation finance, and business cycles are rather thoroughly covered. This may not be particularly pleasing to the teachers of accounting and other courses, but it is highly desirable for the student who has a vocational or pecuniary aim in pursuing this particular subject. By the liberal use of quotations from other writers, the appropriate use of footnotes, and the exhaustive classified bibliography in one of the appendices, the author has satisfactorily introduced the reader to the literature of the subject.

In his expressions of opinion, the author carefully avoids the *fiats* that characterize less academic writers in this field. On the other hand, he appears to possess, in the opinion of the reviewer, an excess of confidence (1) in the good judgment and disinterestedness of bond-house managers; (2) in the improbability of repudiation of modern civil loans; and (3) in the unmodified permanence of the present fundamental philosophy of capitalistic debt. Some of the statements reflecting these ideas follow:

"It is only when the investor has a full appreciation of the requirements of sound investments that he will always seek the advice of his banker, and then follow this advice when given" (p. 3). Would an intelligent *investor* have taken the bankers' advice to buy external Russians in 1916 or external French in 1921?

"Many writers. . . . undoubtedly have overemphasized the importance of the repudiation of state debt which occurred fifty and seventy-five years ago" (p. 603). "Since the middle of the last century a number of repudiations of national bond issues have been made. . . . A number of repudiated national securities which have been issued prior to this period still are considered as representative of foreign bonds by the larger part of the American investing public" (pp. 663-4). "...It is indeed rare for a municipality to attempt repudiation" (p. 604). A prolonged depression of international scope would soon

convince investors that history has lessons not to be overlooked because of their remoteness.

"Whether Sovietism maintains or is replaced, the government in power, if it is to retain its place, must eventually pay" (p. 665). Would the same conclusions attach to France and England who now owe us about eight billion dollars with interest already in default for two years? Will not the general difficulty of payment make some "adjustment" conventional? With regard to the smaller nations, is it not true that the British navy has been the fundamental fact in the payment of most foreign bonds in the past century? Who will act as the sheriff for us during the next century? Is any foreign investment really safe without a strong League of Nations, or its equivalent?

J. F. EBERSOLE.

University of Minnesota.

NEW BOOKS

- ADAMS, E. K. *Women professional workers. A study made for the Women's Educational and Industrial Union.* (New York: Macmillan. 1921. Pp. xiv, 467. \$2.50.)
- AMELOTTE, J. *In navy yards, what is overhead to productive labor?* (Lynn, Mass.: Author, 14 N. Franklin St. Court. 1921. Pp. 44. 25c.)
- AUGHINBAUGH, W. F. *Advertising for trade in Latin-America.* (New York: Century. 1921. Pp. 300. \$3.)
- BEACH, F. L. *Twenty twenty-minute lessons in bookkeeping.* (New York: Ronald. 1921. Pp. 90. \$1.50.)
- BLACKFORD, K. M. and NEWCOMB, A. *The job, the man, the boss.* Revised edition. (Garden City, N. Y.: Doubleday. 1921. Pp. xxvii, 272.)
- BRITTON, W. E. and BAUER, R. S. *Parts of cases on business law.* (Champaign, Ill.: Student Supply Store. 1921. Pp. 302.)
- BASSETT, W. R. *The organization of modern business.* (New York: Dodd, Mead. 1921. Pp. 271. \$2.)
- BULL, A. E. *Conducting a mail order business.* (New York: Pitman. 1921. Pp. vii, 198. 75c.)
- CARRUTH, C. B. and JACOBSON, H. I. *Cost finding for warehousemen.* (Pittsburgh, Pa.: American Warehousemen's Assoc., General Committee on Central Bureau. 1921. Pp. 39. \$1.)
- CONYNGTON, T., KNAPP, H. C. and PINKERTON, P. W. *Wills, estates, and trusts: a manual of law, accounting, and procedure, for executors, administrators, and trustees.* Two vols. (New York: Ronald. 1921. Pp. 825. \$8.)
- CORBIN, A. L. *Cases on the law of contracts selected from decisions of English and American courts.* (St. Paul, Minn.: West Pub. Co. 1921. Pp. xxiv, 1514.)
- DYER, E. *Shoes: merchandise information for sales-people.* (Pittsburgh, Pa.: Carnegie Institute of Technology. 1921. Pp. iii, 61. \$2.)

GANO, D. C. *Gano's commercial law*. Revised by RALPH E. ROGERS and CLYDE O. THOMPSON. (New York: American Book Co. 1921. Pp. vi, 409.)

GREENOUGH, A. *Short-time bond values tables*. (Boston: Financial Pub. Co. 1921. Pp. 452. \$12.)

GRIMSHAW, R. *The modern foreman*. (New York: Biddle Business Pub., Inc. 1921. Pp. xiv, 190.)

HEATH, F. R. *Business forms and financial institutions*. Revised by LOUIS B. MOFFETT. Eighth edition of the Peirce manual of business administration. (1921. Pp. viii, 195. \$1.50.)

HILLS, A. T. *Commercial law: a practical textbook for schools and a valuable book for reference*. (Cleveland, O.: Practical Text Book Co. 1921. Pp. 308. \$1.20.)

HOTCHKISS, G. B. and KILDUFF, E. J. *Advanced business correspondence*. (New York: Harper. 1921. Pp. x, 513.)

HUNGERFORD, E. A. *How to get on two pay-rolls: a manual of personal and family finances*. (Indianapolis, Ind.: Bobbs-Merrill. 1921. Pp. 25. \$1.)

KITSON, H. D. *The mind of the buyer*. (New York: Macmillan. 1921. Pp. 211. \$1.50.)

After explaining the scientific methods in advertising and selling, the statistical, the laboratory, and the historical, the author treats each of the stages in the sale: attention, interest, desire, confidence, decision and action, and satisfaction. The material in each chapter is adequate, well illustrated, and interesting. Probably for the layman too much emphasis is placed on the explanation of psychological principles, a difficulty which somewhat interferes with easy assimilation and continuity of understanding.

CHARLES LEONARD STONE.

KNOX, J. S. *The science and art of selling*. (Cleveland, O.: Knox Business Book Co. 1921. Pp. 380.)

LEE, J. *Management: a study of industrial organization*. (New York: Putnam. 1921. Pp. vii, 125. \$2.)

LINCOLN, E. E. *Problems in business finance*. (Chicago: Shaw. 1921. Pp. 1, 515. \$5.)

Designed primarily for the use of academic students, this is a "case book" in business finance. Its more important features are: (1) An outline in topical form (pp. xxvii-xxxiv) for a general course in business finance. Such an outline is very useful as a means of giving continuity to the study of the "case" materials. (2) A classified bibliography (pp. xxxv-l) of reference materials, organized on the general plan of the outline and of the arrangement of the "case" materials. (3) "Case" problems (pp. 29-484) covering financial and general considerations involved in beginning a business: the raising of fixed capital, with some special attention to customer ownership and employee ownership; the raising of working capital; financial aspects of purchasing, producing, and selling goods; the administration of earnings; and financial involvements, adjustments, receiverships, bankruptcies, and reorganizations. The author has collected the problem materials from numerous sources covering many different kinds of business enterprise. They are for the most part calcu-

lated to provoke class discussion of principles and policies, and while some knowledge of accounting is presupposed the problems are not of the type calling for exact mathematical solution. The several chapters open with lists of specific bibliographical references and with very brief textual comment upon the topics covered therein. Chapter 1, preceding the problems as a whole (pp. 7-28), entitled "Introduction—General survey of the field," consists of a series of comments upon all the chapters following. In view of the author's statements (p. 28) that "the rules of the game are after all very simple—so simple that comparatively few recognize them," and that "probably little new light on the fundamentals of business finance has been discovered for many generations," it is hard to explain the appearance of these comments as a separate chapter. They might, perhaps, better have been broken up and combined with the introductory remarks under each chapter of problem work. (4) A statistical appendix (pp. 487-525.) The tables presented here have been compiled from both public and private sources of information with a view to giving the student easy access to the facts of business experience, by the use of which he may draw conclusions regarding sound policy in individual "cases."

STANLEY E. HOWARD.

Princeton University.

LOREE, L. F. *The relations of the accounting officers with the operations of the road.* An address delivered at the thirty-third annual meeting of the Railway Accounting Officers Assoc. (Washington, D. C.: Association, 1116 Woodward Bldg. 1921. Pp. 8.)

MACELWEE, R. S. and TAYLOR, T. R. *Wharf management, stevedoring, and storage.* (New York: Appleton. 1921. Pp. xix, 330. \$5.)

MCGRATH, T. *Mine accounting and cost principles.* (New York: McGraw-Hill. 1921. Pp. xiv, 257. \$4.)

MCKINSEY, J. O. *Bookkeeping and accounting.* Vol. II. (Cincinnati, O.: South-Western Pub. Co. 1921. Pp. xiii, 505-1084.)

MCNEEL, R. W. *Beating the stock market.* (Boston: Author, 171 Tremont St. 1921. Pp. 155. \$2.)

The author is financial editor of the *Boston Herald*.

MARSHALL, L. C. *Business administration.* Part I. (Chicago, Ill.: Univ. of Chicago Press. 1921. Pp. xiii, 384. \$4.29.)

MATTOON, W. R. and BARROWS, W. B. *Measuring and marketing farm timber.* Farmers' bull. 1210. (Washington: Dept. of Agri. 1921. Pp. 61.)

MEYER, B. H. *Some accounting problems under the Transportation act.* An address delivered at the thirty-third annual meeting of the Railway Accounting Officers Association. (Washington: Association, 1116 Woodward Bldg. 1921. Pp. 16.)

MINSTER, L. *Retail profits, turnover and net worth.* New York: U. P. C. Book Co., Inc. 1921. Pp. 48.)

NASH, A. *The golden rule in business.* (Boston: Murray Press, 359 Boylston St. 1921. Pp. 32.)

PARSONS, F. A. *The art appeal in display advertising.* (New York: Harper. 1921. Pp. xxvii, 132. \$4.50.)

PERRIN, H. L. and BABB, H. W. *Commercial law cases*. Vol. I, *Contracts-sales agency*. Vol. II, *Negotiable instruments—partnerships—corporations*. (New York: Doran. 1921. Pp. xxi, 356; xv, 414. \$7.50.)

POWELL, J. E. *Payment by results*. (New York: Longmans. 1921.)

RAMSAY, R. E. *Effective direct advertising: the principles and practice of producing direct advertising for distribution by mail or otherwise*. (New York: Appleton. 1921. Pp. xiii, 640.)

ROWNTREE, B. S. *The human factor in business*. (New York: Longmans. 1921. Pp. xii, 176. \$2.)

RYAN, F. C. *Profit percentage table, based on selling prices*. (Bradford, Ontario, Canada: Author. 1921. Pp. 15. \$5.)

SCOTT, W. D. and HAYES, M. H. S. *Science and common sense in working with men*. (New York: Ronald Press. 1921. Pp. 154. \$2.)

Written in an attractive style and suffused with concrete illustrations, this book deals with the problems of selection, placement, and adjustment of employees. A clear explanation of the various types of mental tests, the differential diagnostic, the trade test, the Munsterberg type, and the mental alertness test, presents to us both the uses and the limitations of each. There is an interesting discussion of the relation of monotony and variety to satisfaction and dissatisfaction, one of the many illustrations of the unwillingness of the authors to dismiss a subject with an inaccurate generality. The latter pages are an appeal, based on practical psychology, for a more genuine recognition of the instincts of the worker and for a freedom of opportunity wherein the whole man may be satisfied, utilized, and efficient.

For a fuller treatment of some of the topics embraced in this comprehensive volume, Link's *Employment Psychology*, Chapman's *Trade Tests*, Yoakum and Yerkes' *Army Mental Tests*, and Munsterberg's *Psychology and Industrial Efficiency* may be consulted.

CHARLES LEONARD STONE.

SHERWOOD, D. A. *Public accounting and auditing*. Vol. II. (Cincinnati, Ohio: South-Western Pub. Co. 1921. Pp. iv, 262.)

SPENCER, W. H. *Law and business*. Vol. II, *Law and the market; law and finance*. (Chicago: Univ. of Chicago Press. 1921. Pp. xviii, 670. \$4.50.)

SPRING, S. *Laws controlling the investment of insurance funds*. (Boston: Financial Pub. Co. 1921.)

SWARTHOUT, A. V. and BEXELL, J. A. *A system of accounting for cotton ginneries*. Contribution from the Bureau of Markets and Crop Estimates. Dept. bull. 985. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 42. 10c.)

TESSIER, C. O. *The patent business: a comprehensive instruction course in ten lessons*. (New York: Prtg. Dept., Salvation Army. 1921. Pp. 155.)

WALL, A. *Analytical credits. A study in brief of the methods used to accumulate, tabulate and analyze information for the protection of loans and credit extensions*. (Indianapolis, Ind.: The Bobbs-Merrill Co. 1921. Pp. 258. \$3.)

In the field of credit analysis Mr. Wall's ideas are new and are centered about the hypothesis that it is reasonable to apply the law of averages to a particular credit statement. In other words, by knowing the facts for a large number of establishments in any industry it is possible to arrive at more satisfactory conclusions in regard to the credit conditions of a given business firm. Other material covered in this book includes the genesis of credit, collections, illustrations of 46 collection letters, acceptances, commercial paper and credit ethics.

On the subject of credit analysis the author emphasizes what he considers ought to be done rather than an explanation of actual practice. Apart from the matter of content the work is to be criticised for not presenting the data in a better organized and more correlated fashion.

MARTIN J. SHUGRUE.

WATTS, F. *An introduction to the psychological problems of industry.* (New York: Macmillan. 1921. Pp. 240. \$5.)

It is difficult to sum up in a few sentences the meaning of this excellent volume. The table of contents, which lists for us such a range of topics as fatigue, motion study, vocational selection, scientific management, industrial unrest, and the creative impulse in industry, might lead us to expect a reference book dealing with the adjacent fields of psychophysical and instinct problems. The book does present a great deal of material indicating the progress along both these lines. But the dominant feature of the work is its analysis of the psychology and sociology, as well as of the economics of the various problems discussed. Not only in the directness and coherence of presentation, but also in clearness of perspective, the volume shows a sane and thorough organization. The author presents to us clearly and ably both the merits and the defects of the contributions of such men as Taylor, Gilbreth, Darwin, Munsterberg, and Freud.

Some of the instances of the author's thorough analysis of industrial measures are his references to the quality of the rest-pause, exercise of the total body and the total personality, the mental tempo of civilization, and the stereotyping of mental contacts. He makes us realize keenly the cost of our blind depersonalization of industry, particularly emphasizing the threatened atrophy of creativeness and the breeding, physically and socially, of an inferior class. "Far too many of our people today are living mechanical lives on the big slag heaps which we call our centers of industry, cut off from culture in every form, the dullness of their existence broken occasionally only by bursts of pathological excitement." In desperate protest, Watts calls our attention to the frequent employment of young people "under conditions which in time would render them unfit for responsible citizenship and make their subsequent permanent inefficiency or vagabondage inevitable." Both for the welfare of the future of industry and for the unquestionable rights and necessity of mankind, the author pleads eloquently for the extension of education to supply the worker with both technical skill and general culture.

As supplementary to the forepart of the book Muscio's *Lectures in Industrial Psychology* may prove useful; as supplementary to the latter chapters, Tead's *Instincts in Industry* and Veblen's *Instinct of Workmanship*. But in the union of the economic, psychological, and socio-

logical points of view, and in general excellence of treatment, this volume is admirably distinctive.

CHARLES LEONARD STONE.

WATSON, P. A. *National Investors' guide*. (Lansing, Mich.: National Investors' Service Bureau. 1921. Pp. 126.)

WHITEHEAD, H. *How to run a store*. (New York: Crowell. 1921. Pp. vi, 296. \$2.50.)

WOODWARD, K. W. *The valuation of American timberlands*. (New York: Wiley. 1921. Pp. vii, 253. \$3.)

Buildings and store equipment, merchandise sold, store methods, and accounting practices. Costs, merchandising practices, advertising and sales in the retail distribution of clothing, vol. VI. Issued by Northwestern University, School of Commerce, Bureau of Business Research. (New York City: Prentice-Hall. 1921. Pp. 499-622.)

Business accounting. Five vols. (New York: Ronald. 1921.)

Commercial law. (New York: American Inst. of Banking. 1921. Pp. 480.)

A composite picture of business America as seen through the eyes of 4310 men of affairs. Second edition. (New York: Harris, Winthrop & Co., 52 Broadway. 1920. Pp. 84.)

Credit man's diary and manual of commercial laws for 1922. (New York: National Assoc. of Credit Men, 41 Park Row. 1922. \$3.50.)

Employment management, wage systems and rate setting. (New York: Industrial Press. 1921. Pp. ii, 103. \$1.)

Future trading. Hearings before the House of Representatives, 66 Cong. 3 Sess. (Washington: Gov. Prtg. Office. 1921. Pp. 1070.)

Handbook of the Building Trades Employers' Association of the City of New York, 1921. (New York: Association. 1921. Pp. 176.)

Industrial stability: report of the seventh national convention of the Society of Industrial Engineers. (Chicago: The Society. 1921. Pp. 425. \$2.)

Manual for the oil and gas industry under the Revenue act of 1921. (Washington: Gov. Prtg. Office, Supt. Doc. 1921. 25c.)

The Merchants' Association of New York year book, 1921. (New York: Association, 233 Broadway. 1921. Pp. 338.)

The metric versus the English system of weights and measures. Research report, no. 42. (New York: National Industrial Conference Board. 1921. Pp. 261.)

Other people's money. By a trustee. (London: Mills & Boon. 1921. Pp. 127. 2s. 6d.)

Positions of responsibility in department stores and other retail selling organizations. A study of opportunities for women. Bull. no. 5. (New York: Bureau of Vocational Information, 2 West 43rd Street. 1921. Pp. 126.)

Synopsis of decisions and recommendations relating to freight, passenger, disbursement and terminal accounting, July, 1888 to June 1921. (Washington: Railway Accounting Officers Assoc. 1921. Pp. 385. \$1.)

What industrial engineering includes; for industrial executives; 101 things to do, 1001 results others secured. (New York: C. E. Knoeppel & Co. 1921. Pp. 543.)

Workers education in the United States; report of proceedings first national conference on workers' education in the United States. (New York City: Workers' Education Bureau of America. 1921. Pp. 144.)

Capital and Capitalistic Organization

NEW BOOKS

BOGERT, G. G. *Handbook of the law of trusts.* (St. Paul, Minn.: West Pub. Co. 1921. Pp. xii, 675.)

FLEISCHMANN, E. *Das Getreidemonopol in der Schweiz. Seine rechtlichen, wirtschaftlichen und geschichtlichen Grundlagen.* (Zurich: Albert Müller. 1921. Pp. 192.)

FLETCHER, W. M. *Cyclopedia of the law of private corporations.* Vol. X. (Chicago: Callaghan & Co. 1921. Pp. xi, 1010.)

LAVINGTON, F. *The English capital market.* (London: Methuen & Co. 1921. Pp. 297. 18s.)

LEITNER, F. *Privatwirtschaftslehre der Unternehmung.* Third edition. (Berlin: Vereinigung Wissenschaftlicher Verleger. 1921. Pp. vi, 283. 30 M.)

LIEFMANN, R. *Beteiligungs—und Finanzierungsgesellschaften. Eine Studie über den modernen Effektenkapitalismus in Deutschland, den Vereinigten Staaten, der Schweiz, England, Frankreich und Belgien.* Third edition. (Jena: Fischer. 1921. Pp. viii, 582. 100 M.)

_____. *Kartelle und Trusts.* (Stuttgart: Moritz. 1921. Pp. 310.)

SEARS, J. H. *Trust estates as business companies.* Second edition. (Kansas City, Mo.: Vernon Law Book Co. 1921. Pp. xx, 782.)

SÜDEKUM, A. *Kapital- und Gewinnbeteiligung als Grundlage planmäßiger Wirtschaftsführung.* (Berlin: Springer. 1921. Pp. 38. 4.40 M.)

SULLIVAN, J. J. *American corporations. The legal rules governing corporate organization and management with forms and illustration.* (New York: Appleton. 1921. Pp. 463. \$2.75.)

VARGA, E. *Die Krise der kapitalistischen Weltwirtschaft.* (Hamburg: Hoym. 1921. Pp. v, 64. 1.50 M.)

WILLETT, G. *The corporation laws of the District of Columbia, with annotations, index and forms.* (Washington: Bryne & Co. 1921. Pp. 115.)

List of bibliographies on public utilities, including regulation, valuation and municipal ownership. (Washington: Library of Congress, Division of Bibliography. 1921. Pp. 11.)

Organisationen der deutschen Landwirtschaft, der Forstwirtschaft, des Gartenbaus, der Fischerei und der landwirtschaftlichen Nebengewerbe. Els-

ners Betriebsbücherei, vol. 14. (Berlin: Otto Elsner. 1921. Pp. 287. 24 M.)

Issued by Dr. Walter v. Altrock in conjunction with Dr. Franz Mendelson and Dr. Kurt Schleising.

Public utilities reports, containing decisions of the Public Service Commissions and of state and federal courts. Edited by HENRY C. SPURR. (Rochester, N. Y.: Public Utilities Reports, Inc. 1921. Pp. xli, 958.)

Labor and Labor Organizations

NEW BOOKS

BUNTING, J. H. *Is trade unionism sound? A suggestion for outflanking the power of capital.* (London: Benn Brothers. 1921. Pp. x, 98. 6s.)

DESMOND, S. *Labour: the giant with the feet of clay.* (New York: Scribner's. 1922.)

DRYSDALE, C. V. *Wages and cost of living.* (London: The Malthusian League. 1921. Pp. 48. 6d.)

FOSTER, W. Z. *The railroaders' next step.* (Chicago: The Trade Union Educational League. 1921. Pp. 47. 25c.)

LLOYD, C. M. *Trade unionism.* Second edition, revised and enlarged. (London: A. and C. Black. 1921. 5s.)

MACDONALD, J. R. *The history of the I. L. P.* (London: I. L. P. Information Committee. 1921. 6d.)

OATES, M. B. and REYNOLDSON, L. A. *Standards of labor on the hill farms of Louisiana.* Bull. no. 961. (Washington: Dept. of Agri. 1921. Pp. 27.)

PAPA, D. *Il parlamento sindacale.* (Naples: Ceccoli e Figli Editori. 1921. 4 l.)

PASSANO, E. B. *The Baltimore plan of industrial relationship, proposing to organize The American Guild of the Printing Industry.* (Baltimore, Md.: American Guild of the Printing Industry, 1325 Munsey Bldg. 1921. Pp. 13.)

POWELL, J. E. *Payment by results. With a treatise on ratefixing.* (New York: Longmans. 1921.)

RENOUD, C. G. *Workshop committees.* (London: Pitman. 1921. Pp. 44. 1s.)

SLESSER, H. H. *The law relating to trade unions.* Four lectures delivered for the Council of Legal Education, Michaelmas Term, 1920. (London: Labour Pub. Co. 1921. Pp. vii, 152. 5s.)

STERN, E. *La législation ouvrière tchéco-slovaque.* (Prague: "Orbis" Printing, Publishing and Publicity Co. 1921. Pp. 70.)

STONE, G. *A history of labour.* (London: Harrap. 1921. Pp. 416.)

THOMPSON, L. A., compiler. *Recent literature on unemployment with particular reference to causes and remedies.* (Washington: Library, Dept. of Labor. 1921. Pp. 35.)

TURPIN, H. *Le problème international du chômage*. (Paris: Giard, 1921. Pp. 115.)

VERNON, H. M. *Industrial fatigue and efficiency*. (London: Routledge. 1921. 12s. 6d.)

WEIL, F. *Sozialisierung. Versuch einer begrifflichen Grundlegung nebst einer Kritik der Sozialisierungspläne*. (Berlin-Flitchtenau: Verlag Gesellschaft und Erziehung. 1921. Pp. 124. 11 M.)

WILLIAMS, W. *Full up and fed up*. (New York: Scribner's. 1921. \$2.50.)

Agricultural workers' wages. The Labour party's fight for the Agricultural Wages Board. (London: Labour Party. 1921. Pp. 30.)

British labour replacement and conciliation, 1914-1921. Being the result of conferences and investigations by the Economics Section of the British Association. (London: Pitman. 1921. Pp. 268. 10s. 6d.)

Conciliation and arbitration. Report including particulars of proceedings under the Conciliation act, 1896, the Coal Mines act, 1912, the Wages acts, 1918 and 1919, the Restoration of Pre-War Practices act, 1919. (London: H. M.'s Stationery Office. 1921. Pp. iv, 462. 3s. 6d.)

Experience with trade union agreements—clothing industries. National Industrial Conference Board, research report no. 38. (New York: Century. 1921. Pp. iv, 134. \$1.50.)

The subject-matter indicated in the title is handled in little more than outline fashion in this report. One can hardly expect more from an attempt to cover in 123 pages of text the collective bargaining experience of employers with the many separate unions in the clothing industries, seven of them national unions and all but one of them unions in which the agreements are made locally. Nearly all of the text is concerned with the history and operation of agreements in selected localities. The workings of the agreements with the Amalgamated Clothing Workers and the Ladies' Garment Workers respectively, in the chief clothing centers, take up half the report. The agreements with the United Garment Workers (in the overall industry), the Journeymen Tailors, the Fur Workers, Cloth Hat and Cap Makers, and the United Hatters receive most of the remaining space. There is also a short chapter of summary and conclusions.

The report brings out little that is new. The most distinctive feature of the work is the presentation of testimony from employers who have been parties to the agreements as to their working, particularly with reference to effects upon output and discipline, the observance of the agreement by the union, and the degree of freedom from strikes. There are evidences throughout of a desire to be fair in statement and appraisal.

D. A. McC.

Il contratto di lavoro in Lombardia. Issued by the Federazione Industriale Lombarda. (Milan: Officine Grafiche Fratelli de Silvestri. 1921. Pp. 146. 3.75 l.)

The employment of women in 5 and 10 cent stores in the state of New York. Doc. 109. (Albany, N. Y.: Dept. of Labor. 1921.)

Législation ouvrière et prévoyance sociale en Suède. Official, 1921. (Stockholm: Swedish Gov. Publication.)

Open shop encyclopedia for debaters. (New York: National Assoc. of Manufacturers of the U. S. A. 1921. Pp. 248.)

Public opinion and the steel strike of 1919. Supplementary reports to the Commission of Inquiry, Interchurch World Movement. (New York: Harcourt. 1921. Pp. 346. \$1.50.)

This book is a supplementary volume to the *Report on the Steel Strike of 1919* reviewed by the present writer in the issue of this magazine for December, 1920. The reports in this volume are, however, not merely supporting documents to the *Steel Report* but are separate and fuller studies of special phases within the scope of the general investigation. The idea emphasized is the relation between public opinion and the strike and the endeavor is to show how that public opinion was formed, checked, controlled, and even warped by the press; the relations of industrial companies to the organs of civil government in industrial communities; the opinion of groups of workers; opinion as influenced by the reports of spies; and opinion as to the conceptions or misconceptions of foreign-speaking communities.

The reports included are as follows: (1) "Under-cover men" by Robert Littell; (2) "The Pittsburgh newspapers and the strike" by M. K. Wischart; (3) "Civil rights in western Pennsylvania" by Gorge Soule; (4) "The mind of the immigrant communities" by David J. Saposs; (5) "Welfare work of the U. S. Steel Corporation" by George Soule; (6) "The Pittsburgh pulpit and the strike" by M. K. Wischart; (7) "The steel report and public opinion" by Heber Blankenhorn.

These reports show conclusively that the strike did not involve anything within hailing distance of social revolution and that grievances concerning wages, hours, working conditions, and arbitrary control were the issues involved. The twelve-hour day and the seven-day week are a social menace and are shown to be unnecessary. The book contains much unpleasant reading concerning the work of spies, the denial of civic rights, the use of force, and the perversion of public opinion during and after the strike. A wide dissemination of facts, however, is the first step in bringing about better conditions.

GEORGE M. JANES.

Report of the President's Conference on Unemployment, Sept. 26 to Oct. 13 1921. HERBERT HOOVER, Chairman. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 178. 20c.)

Rulings of the Industrial Board pertaining to women in industry. Rules w-1 to w-20 inclusive. (Harrisburg, Pa.:Dept. of Labor and Industries. 1920. Pp. 15.)

Die Tarifverträge im Deutschen Reich am Ende des Jahres 1919, nebst Anhang: die Reichstarifverträge am Ende des Jahres 1920. Prepared in the Employment Exchange Department of the Ministry of Labor. (Berlin: Reimar Hobbing. 1921. Pp. 91. 36 M.)

Wages in Great Britain, France and Germany. Research Report no. 40. (New York: National Conference Board. 1921. Pp. 110.)

Work of the employment exchanges; minutes of evidence taken before the Committee of Enquiry. Ministry of Labour. (London: H. M.'s Stationery Office. 1921. Pp. iv, 461. 5s.)

Money, Prices, Credit, and Banking

NEW BOOKS

- ARRUS, O. F. *Nuestro problema del cambio y el poder adquisitivo de la moneda.* (Lima: Oficina Tipográfica "La Opinión National." 1921. Pp. 26.)
- ARTHUYS, J. *Le problème de la monnaie.* (Paris: Nouvelle Librairie Nationale. 1921. Pp. 192. 6.50 fr.)
- BABELON, E. *Les monnaies grecques.* (Paris: Payot. 1921. Pp. 180. 4 fr.)
- BAYS, A. W. *Law of negotiable instruments.* Second edition. (Chicago: Callaghan & Co. 1921. Pp. 253.)
 Chapters have been added on banking and suretyship, with text of Uniform Negotiable Instruments law, and questions and problems.
- BORDEN, W. E. and HOOPER, C. L. *Banking and business ethics.* Edited by FRANK L. McVEY. (Chicago: Rand, McNally. 1921. Pp. viii, 223.)
- BASTIAN, E. *Banken, Sparkassen und Genossenschaften. Ihre Beamten, ihr Aufbau und ihr Arbeitsfeld.* (Stuttgart: Muth. 1921. Pp. 80. 11 M.)
- BRUNTON, J. *Bankers and borrowers.* Introduction by ERNEST SYKES. (Birmingham, Eng.: Edward Arnold & Co. 1921. 7s. 6d.)
 "A practical explanation of the limitations placed by statute or by the common law on the borrowing powers of a very wide class of borrowers."
- COPELAND, D. B. *Currency and prices in Australia.* The Joseph Fisher lecture in commerce. (Adelaide: G. Hassell & Son. 1921.)
- DIEHL, K. *Ueber Fragen des Geldwesens und der Valuta während des Krieges und nach dem Kriege.* Second edition. (Jena: Fischer. 1921. Pp. vi, 204. 24 M.)
- DÖRING, H. *Die Geldtheorien seit Knapp. Ein dogmenhistorischer Versuch.* (Greifswald: Bamberg. Pp. viii, 239. 21 M.)
- DURRENGER, R. *La circulation monétaire dans les pays occupés au cours de la guerre par les Empires centraux.* (Strasbourg: Heitz. 1921. Pp. 154.)
- ELSTER, K. *Die deutsche Not im Lichte der Währungstheorie. Gesammelte Aufsätze.* (Jena: Fischer. 1921. Pp. iv, 124. 16 M.)
- ENGLÄNDER, O. *Bestimmungsgründe des Preises* (Reichenberg: Stiepel. 1921. Pp. 300. 52 M.)
- EPPICH, E. *Geld, eine sozialpsychologische Studie.* (Munich: Rosl. 1921. Pp. 138.)
- FEITELBERG, M. *Das Papiergeldwesen im Räte-Russland. Statistische Beiträge zur Währungsfrage Russlands.* (Berlin: R. L. Prager. 1920. Pp. 51.)
- FRANZ, R. *Die deutschen Banken im Jahre 1919, zugleich eine vollständige Statistik der deutschen Banken seit dem Jahre 1883.* Revised by

- EGGEBRECHT. (Berlin: "Der Deutsche Oekonomist." 1921. Pp. 44. 7.50 M.)
- HANTOS, E. *Die Zukunft des Geldes*. (Stuttgart: Ferdinand Enke. 1921. Pp. 76. 11.20 M.)
- HEYN, O. *Ueber Geldschöpfung und Inflation*. (Stuttgart: Ferdinand Enke. 1921. Pp. 79. 12 M.)
- . *Die Noteninflation als Krankheiterscheinung unseres Wirtschaftslebens*. (Munich: B. Heller. 1920. Pp. 42. 2 M.)
- HOLDSWORTH, J. T. *Acceptance syndicate plan for financing exports*.
An address delivered before the annual convention of the Association of Reserve City Bankers. (Pittsburgh, Pa.: Author, Bank of Pittsburgh N. A. 1921. Pp. 27.)
- JOHNSON, J. F. *Money and currency, in relation to industry, prices, and the rate of interest*. (Boston: Ginn. 1921. Pp. x, 425. \$3.)
The first edition was published in 1906. New material is now added bringing the review of monetary and banking legislation up to date. An analysis is made of the Federal Reserve act and the effects of its operations are considered. Banking and price statistics are added for recent dates.
- JOHNSTON, W. B. *A federal bank in every county seat*. (Kansas City, Mo.: W. B. Johnston Co. 1921. Pp. 123.)
- KNAPP, G. F. *Staatliche Theorie des Geldes*. Third edition, revised. (Munich: Duncker & Humblot. 1921. Pp. xvi, 262. 45 M.)
- KNIFFIN, W. H. *American banking practice. A treatise of the practical operation of a bank, intended for students, bank employees and others who would know of the conduct of a bank under recognized American practice, with which is combined the Negotiable Instruments law, uniform in forty-six states*. (New York: McGraw-Hill. 1921. Pp. xii, 389. \$3.50.)
- KREBS, E. and GOETZ, B. *Geschichte des Bankhauses J. A. Krebs in Freiburg im Breisgau 1721-1921*. (Freiburg i. Br.: Herder & Co. 1921. Pp. vii, 47.)
- LÉVY, R. G. *L'initiation financière*. (Paris: Librairie Hachette. 1921. 7 fr.)
- LOEHR, J. *Das deutsche Bankwesen*. (Munich: J. Schweitzer. 1921. Pp. 171. 22 M.)
- MITRA, J. C. *A state bank for India*. (Calcutta: Mitra and Sons. 1921. Pp. 20. 8 annas.)
- PATON, T. B., JR. *Digest of legal opinions of Thomas B. Paton, general counsel of the American Bankers Association, 1908-1921, with a digest and legal citations*. Complete edition, 1921. (New York: American Bankers Assoc. 1921.)
- PIÑERO, N. *La moneda, el crédito y los bancos en la Argentina*. (Buenos Aires: J. Menéndez. 1921. Pp. 400.)
- PINHEIRO, N. *Fiscalização bancária*. (Rio de Janeiro: Typ. Alba. 1921. Pp. 228.)

- ROBB, T. B. *The guaranty of bank deposits*. (Hart, Schaffner & Marx prize essays. (Boston: Houghton Mifflin. 1921. Pp. xii, 225. \$2.50.)
- SCHMIDT-ESSEN, A. *Valutafibel. Eine Einführung in die Fragen des Geldwesens*. (Jena: Fischer. 1921. Pp. vii, 100.)
- STEINER, F. *Die Währungsgesetzgebung der Sukzessionsstaaten Österreich-Ungarns. Eine Sammlung einschlägiger Gesetze, Verordnungen und behördlicher Verfügungen von 1892 bis 1920*. Vol. II. (Vienna: Verband Österreichischer Banken und Bankiers. 1921. Pp. 367-679.)
- STOLL, SIR OSWALD. *Broadsheets on national finance*. (London: W. J. Roberts. 1921. Pp. 130. 1s. 6d.)
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- Danger ahead: being notes on the British Bankers' Appeal to the Government*. (London: W. J. Roberts. 1921. Pp. 22.)
- TADOUANT, J. *Les rapports de la Banque de France et de l'Etat pendant la guerre de 1914*. (Paris: Librairie Rousseau. 1921. 12.50 fr.)
- TILLYARD, F. *Banking and negotiable instruments. A manual of practical law*. Sixth edition, thoroughly revised. (London: A. and C. Black. 1921. 10s. 6d.)
- THOMAS, S. E. *The principles and arithmetic of foreign exchange*. (London: Macdonald & Evans. 1921. Pp. 209. 7s. 6d.)
- DE TOMAZ, R. and COEYLAS, R. *L'organisation du crédit. Problèmes d'après-guerre*. (Paris: Giard. 1921. 7 fr.)
- WESTERFIELD, R. B. *Banking principles and practice*. I, *Elements of money, credit and banking*. II, *The banking system of the United States*. III, *Domestic banking—cash and deposit operations*. IV, *Domestic banking—earning assets*. V, *The foreign division*. (New York: Ronald. 1921. Pp. 1370. \$12.)
- WILLIS, H. P. *American banking*. Revised edition. (Chicago: La Salle Extension Univ. 1921. Pp. x, 336.)
- Banken-Organisation*. I, *Organisation einer Grossbank*, by CARL PORGES. II, *Organisation einer Volksbank*, by W. REHMER. III, *Buchhalterische Einrichtungen in einem mittleren Bankbetriebe*, by E. SCHACH. Third edition. (Stuttgart: C. E. Poeschel. 1921. Pp. vii, 245. 28 M.)
- Changes in the cost of living, July, 1914—July, 1921*. Research report no. 39. (New York: National Industrial Conference Board. 1921. Pp. 25.)
- Den Danske Landmandsbank Hypothek-og Vekselbank Aktieselskab, 1871-1921*. (Copenhagen: Offices of the Bank. 1921.)
- Exchange stabilization. Hearings before the Committee on Banking and Currency of the House of Representatives on bill H. R. 8404*. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 51, with charts.)
- Gutttag's foreign currency and exchange guide*. (New York: Gutttag Bros., 52 Wall Street. 1921. Pp. 130. \$1.50.)
- The monetary outlook*. The Garton Foundation. (London: Harrison & Sons. 1921. Pp. 76. 1s.)
- Monetary policy: being the report of a Sub-committee on Currency and the Gold Standard*. British Association for the Advancement of Science. (London: King. 1921. Pp. 75. 2s. 6d.)

Standard banking. (New York City: American Inst. of Banking. 1921. Pp. 480.)

Svenska Handelsbanken 1871-1921. A retrospect. (Stockholm: Offices of the Bank. 1921.)

Public Finance, Taxation, and Tariff

Tariffs: A Study in Method. By T. E. G. GREGORY. (London: Charles Griffin & Company, Ltd. 1921. Pp. xi, 518.)

Mr. Gregory's book is different from anything on the subject which I have come across. It is entitled "A Study in Method," but is not at all one of those inquiries on the methodology of economics with which we are familiar. It is concerned not with the substantive effects of tariff measures, or the methods by which those effects can be ascertained, but with the administrative and legislative ways of carrying out a given policy. It deals with the forms of tariffs, questions of customs administration, the classification of commodities, specific and ad valorem duties, free ports, frontier trade, and the like. Allied to questions of this sort, but having an interest of a somewhat different kind, are a number of chapters on commercial treaties, reciprocity relations, retaliation, colonial preferences, the preferential system of the British Empire. There is a brief but excellent appendix upon the tariff as a revenue instrument.

A book of this sort, well done, is of no little interest to the economist, and of the highest value to the legislator and administrator, and it is very well done indeed. There is no source in which the wide range of information here given can be conveniently found. Much of the information is so scattered, and has been unearthed by Mr. Gregory from such obscure and inaccessible sources, that it is made available virtually for the first time. Every student of tariff problems owes a debt of gratitude to Mr. Gregory for his painstaking and able work.

It is inevitable that a book of this sort, largely informational in character, should be complete only up to the moment of its publication. The constant changes in legislation add new and pertinent matter from day to day. Within a few years a new edition will be called for. By way of example of the impossibility of bringing and keeping such a book always up to date, I note the description (pp. 221-225) of the abortive anti-dumping bill in Great Britain (unfortunately referred to in the text as an "act") which has now been superseded by the act finally passed in 1921.

Mr. Gregory's discussion of the various questions of legislation and administrative policy is well done throughout. So far as I have been able to check the statements of the text, they are accurate as well as judiciously selected. What he says of the classification and specialization, of specific and ad valorem duties, of valuation, is fair minded

and discriminating. The same is true of his chapters upon tariff treaties and colonial preferences. These probably will be of most interest to economists, for they give in compact form a statement of the situation as it now stands and is likely to endure for a considerable time. It is due to Mr. Gregory also to remark that while in general he abstains from a consideration of the economic questions involved, he gives clear evidence of his capacity to deal with them. His discussion of retaliation, on pages 247-250, gives abundant evidence of his ability to handle questions of economic principle.

F. W. TAUSSIG.

Harvard University.

NEW BOOKS

BERNIS, F. *Catedrático de la Universidad de Salamanca, La Hacienda Española.* (Barcelona: Editorial Minerva, S. A. Pp. 360. 4 pesos.)

BONNARD, R. *Les finances locales et la réforme des impôts nouveaux.* (Paris: Giard. 1921. 4 fr.)

BONNET, G. and AUBOIN, R. *Les finances de la France.* I, *Le mécanisme financier français: budget et impôts.* II, *La situation financière en 1921.* III, *La restauration des finances de la France.* (Paris: Payot. 1921. 7.50 fr.)

BOQUET, L. *La réforme des impositions locales.* (Paris: Tenin. 1921. Pp. 61.)

VON BREUNIG, G. and VON LEWINSKY, K. *Kommentar zum Gesetz über das Reichsnotopfer vom 31. Dezember 1919—30. April 1920.* (Berlin: Otto Liebmann. 1921. Pp. xxxii, 598.)

CLIFF, A. B. *Imperial taxation.* (London: Estates Gazette, Ltd. 1921.)

COMBAT, F. J. *La taxe sur le chiffre d'affaires et la taxe de luxe. Comptabilité, obligations des commerçants, plan comptable.* (Paris: Berger-Levrault, 5 Rue des Beaux-Arts.)

COMSTOCK, A. *State taxation of personal incomes.* Columbia University studies in history, economics and public law, vol. CI, no. 1. (New York: Longmans. 1921. Pp. 246. \$2.50.)

EINAUDI, L. *Il Regolamento per l'Avocazione dei Profitti di Guerra allo Stato.* (Rome. 1921. Pp. 13.)

Relazione della Commissione Parlamentare Consultiva per l'Applicazione della Legge 24 Settembre 1920, N. 1298 sull' Avocazione dei Profitti di Guerra allo Stato. (Rome: Camera dei Deputati. 1921. Pp. 136.)

Two years after the armistice was signed, Italy enacted a measure drastically taxing war profits reckoned as earnings in excess of the supposedly normal returns of two pre-war years. Senator Einaudi was a member of the Advisory Commission which elaborated the principles to govern application of the law itself, and he wrote its report. Criticism of the law itself, however, appears, not therein, but in a separate pamphlet published over his own name. There are stressed a number of serious defects in the legislation: its failure, for example, to make the

necessary allowance for currency inflation; its tendency to ignore earnings due to increased war-time effort and diligence; and in general the grave danger that, in future emergencies, producers, seeing no prospect of gain, will relax their efforts.

ROBERT F. FOERSTER.

FITZPATRICK, J. T., editor. *Tax law of the state of New York*. (Albany, N. Y.: Bender & Co. 1921. Pp. iii, 314.)

FLORA, F. *Manuale della scienza delle finanze*. Sixth edition. (Leghorn: Guisti. 1921. Pp. 936.)

FÖLDES, B. *Finanzwissenschaft*. (Jena: Fischer. 1920. Pp. xiv, 686. 33 M.)

HOFFMAN, J. H. and WOOD, D. M. *Taxation of federal, state and municipal bonds*. (New York: Wilbur & Hastings. 1921. Pp. xiv, 115.)

HUNTER, M. H. *Outlines of public finance*. (New York: Harper. 1921. Pp. 533.)

JANNIOT, A. *Les valeurs mobilières étrangères et les trois taxes*. (Paris: Dunod. 1921. Pp. xx, 258. 18 fr.)

JASTROW, J. *Finanzen. Textbücher zu Studien über Wirtschaft und Staat*, vol. 6. (Berlin: Vereinigung Wissenschaftlicher Verleger. 1921. Pp. vii, 116. 10 M.)

JÈZE, G. *Cours de science et de législation financières*. (Paris: Giard. 1921. 30 fr.)

MEDA, F. *La riforma generale della imposte dirette sui redditi*. (Mailand: Fratelli Treves. 1920. Pp. 436. 8 l.)

MELCHIOR, C. *Deutschlands finanzielle Verpflichtungen aus dem Friedensverträge*. (Berlin: Hans Robert Engelmann. 1920. Pp. 26.)

DE NAVA, G. *Brief notes on the situation of the budget and of the treasury*. (Rome: Prtg. Office, Chamber of Deputies. 1921. Pp. 18.)

OUNSWORTH, J. L. *Income tax handbook*. (London: Collins. 1921. 2s. 6d.)

PALMER, H. W. *Income-tax guide*. 1921 edition, revised. (London: Financial Times, Ltd. 1921. 1s.)

PFAU, E. F. *Industriepolitische Gesichtspunkte in der Besteuerung*. (Stuttgart: Ferdinand Enke. 1921. Pp. 148. 22.60 M.)

SELIGMAN, E. R. A. *Essays in taxation*. (New York: Macmillan. 1921. Pp. 806.)

SMITH, R. *Tax reform in South Carolina, with summary of the report of the Joint Special Committee on Revenue and Taxation*. Bull. no. 101. (Columbia, S. C.: Univ. of South Carolina. 1921. Pp. 51.)

STAMP, SIR JOSIAH. *Wealth and taxable capacity*. The Newmarch lectures of 1920-1921. (London: King. 1921. 10s. 6d.)

THORNTON, A. B. *The nation's financial outlook*. (London: King. 1921. 2s. 6d.)

Since the war England has been particularly interested in American financial affairs, private and public. Conversely, America is today vitally interested in affairs British. By far the best book I have found so far

on the British conditions is this short and popular treatise by Mr. Thornton. After stating clearly but briefly the national debt situation and analyzing the budget—past, present and future—and considering local government finances, Mr. Thornton proceeds to give figures on the national wealth and the taxable capacity of the nation. He then outlines a taxation policy. His idea is that the budget may be balanced at approximately 1,000,000,000 pounds. Since he gives the total taxable income as 3,700,000,000, this seems a very high figure. What he does not point out specifically—though it is easily deduced—is that, since approximately half of this is on account of internal debt, it is, so far as the nation is concerned, really a bookkeeping entry. If we deduct 500,000,000 pounds from each side we get a tax of 500,000,000 approximately, coming from a national income of 3,200,000,000 pounds. This is not a very different result from present figures showing the proportion of public expenditures to private income in the United States.

The author also briefly considers the effects on the budget of the Irish problem, the railway situation, and the housing program. He does not think the separation of Irish finances will greatly affect England but admits that housing losses and railway losses have added a real burden. He does not approve a capital levy nor a sales tax.

After considering deflation, the foreign outlook and overseas trade and the reparations question he devotes a short chapter to warning the English people of the gravity of their situation, and in his final chapter he sums up his conclusions. His principal suggestions are that foreign trade be pursued with renewed vigor; that wealth submit gracefully to the inevitable; that industry be *not* employed as a tax-collecting medium; that taxation be direct in order to avoid shifting and waste; that the inheritance taxes be increased to double their present yield; and that a financial census be taken.

All of this is little more than a pamphlet that can be read in a couple of hours. It is remarkably well done. The only noticeable flaw is the suggested table of inheritance tax changes, which is too complicated to be practical. All of the other statistical tables and charts, both as to form and content, are typical of the high standard of scholarship set by that estimable British body, the Surveyors' Institute. The book is worth reading and worth keeping.

W. B. BELKNAP.

TOLLEY, C. H. *Income tax, excess profits duty, corporation profits tax, super tax, etc., chart of rates, allowances, and abatements for 1921-1922, and seventeen previous years.* Sixth edition. (London: Waterlow & Sons. 1921. 2s. 6d.)

VINCENT, G. *L'impôt sur le chiffre d'affaires. Traité théorique et pratique.* (Paris: Lib. Roustan. 1921. Pp. 172. 10 fr.)

WENDE. *Die Tarifverträge im Deutschen Reiche am Ende des Jahres 1919. Nebst einem Anhang: die Reichstarifverträge am Ende des Jahres 1920.* Bearbeitet für Arbeitsvermittlung. (Berlin: Reimar Hobbing. 1921. Pp. 45, 58.)

WILKE, G. *Die Entwicklung der Theorie des staatlichen Steuersystems in der deutschen Finanzwissenschaft des 19. Jahrhunderts.* (Stuttgart: Cotta. 1921. Pp. 108.)

British finance during and after the war, 1914-1921. Being the result of investigations and materials collected by a committee of the Economics Section of the British Association. (London: Pitman. 1921. Pp. 479. 15s.)

Imperial preference. Chronological statement of the progress of the movement. Published for the Tariff Commission. (London: King. 1921. 6d.)

Taxation and cost of living. Second interim report of the Joint Committee on the Cost of Living, Parliamentary Committee, Trades Union Congress. (London: Coöperative Prtg. Soc. 1921. Pp. 47 1s.)

Population and Migration

NEW BOOKS

CAPEK, T. *The Czech (Bohemian) community of New York; with introductory remarks on the Czecho-Slovaks in the United States.* (New York: America's Making, Inc. 1921. Pp. 93.)

DRYSDALE, C. V. *The Malthusian doctrine and its modern aspects.* (London: The Malthusian League. 1921. Pp. 68.)

GROTJAHN: *Geburtenrückgang und Geburtenregelung.* Second edition. (Berlin: Oskar Coblentz. 1921. Pp. 378. 25 M.)

SARTORIUS VON WALTERSHAUSEN, A. *Die Vereinigten Staaten als heutiges und künftiges Einwanderungsland.* (Stuttgart: Ferdinand Enke. 1921. Pp. 70. 10.20 M.)

VON WASSERMANN, R. *Volkswirtschaftliche Betrachtungen zur Steigerung der Tuberkulosesterblichkeit während des Krieges.* Greifswalder staatswissenschaftliche Abhandlungen, no. 4. (Greifswald: L. Bamberg. 1920. Pp. 88. 20 M.)

Admission of aliens in excess of percentage quotas for June. Hearings before the Immigration and Naturalization Committee, June 10, 1921. Serial 4. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. ii, 50.)

Colored women as industrial workers in Philadelphia. (Philadelphia: Consumers' League of Eastern Pennsylvania, 814 Otis Bldg. 1921. Pp. 47.)

Emergency immigration legislation. Hearings before Committee on Immigration, U. S. Senate, 66 Cong., 3 Sess., on H. R. 14461. Parts 6-12. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 289-579.)

Social Problems and Reforms

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ASKEW, J. B. *Pros and cons; a newspaper reader's and debater's guide to the leading controversies of the day, political, social, religious, etc.* Sixth edition. (New York: Dutton. 1920. Pp. vii, 200. \$1.50.)

BABSON, R. W. *Enduring investments.* (New York: Macmillan. 1921. Pp. 190. \$1.50.)

Part I is a discussion of the sources, uses, abuses, and dangers of wealth. In the second part "another slant is given to the word enduring. Instead of stock and bond investments, human souls, Christian educational institutions, and various forms of benevolences are emphasized as the only truly enduring investments."

BRANDT, L. *How much shall I give?* (New York: The Frontier Press, 100 West 21st Street. 1921. Pp. 153.)

BRECKINRIDGE, S. P. *New homes for old.* (New York: Harper. 1921. Pp. 366. \$2.50.)

BROWN, C. R. *Social rebuilders.* (New York: The Abingdon Press. 1921. Pp. 188.)

BULLARD, A. *The A B C's of disarmament and the Pacific problems.* (New York: Macmillan. 1921. Pp. viii, 122.)

Contains a chapter on "The vital interests of Japan—economic."

CAMPBELL, J. C. *The southern highlander and his homeland.* (New York: Russell Sage Foundation. 1921. Pp. xxii, 405.)

DONHAM, S. A. *Spending the family income.* (Boston: Little, Brown. 1921. Pp. xi, 174. \$1.75.)

DOOLEY, W. H. *Principles and methods of industrial education.* (London: Harrap. 1921. Pp. xi, 257.)

EAVES, L. *Gainful employment for handicapped women.* Coöperative social research by Simmons College School of Social Work, Boston Council of Social Agencies and the Women's Educational and Industrial Union, report no. 1. (Boston, Mass.: Women's Educ. and Ind. Union. 1921. Pp. 32. 25c.)

Old-age support of women teachers. Provisions for old age made by women teachers in the public schools of Massachusetts. Studies in economic relations of women, vol. XI. (Boston, Mass.: Women's Educ. and Ind. Union. 1921. Pp. 122. 75c.)

FARADAY, W. B. *Democracy and capital.* (London: John Murray. 1921. Pp. 314. 8s.)

Critical of socialism and radical trade-unionists.

FRANK, J. C. *Vice and health; problems—solution.* (Philadelphia, Pa.: Lippincott. 1921. Pp. 174. \$1.50.)

GAMBLE, S. D. and BURGESS, J. S. *Peking: a social survey, conducted under the auspices of the Princeton University Center in China and the Peking Young Men's Christian Association.* (New York: Doran. 1921. Pp. 538. \$5.)

GODDARD, H. H. *Juvenile delinquency.* (New York: Dodd, Mead. 1921. Pp. 120. \$1.50.)

GRACE, A. G. *Immigration and community Americanization.* (Minneapolis, Minn.: Acme Prtg. and Pub. Co. 1921. Pp. 94.)

HAYES, A. W. *Rural community organization.* (Chicago: Univ. of Chicago Press. 1921. Pp. 128. \$1.50.)

HAYES, B. T. *American democracy; its history and problems.* (New York: Holt. 1921. Pp. xxxvi, 405. \$1.56.)

- HOBHOUSE, L. T. *The rational good*. (New York: Holt. 1921. Pp. xxii, 237.)
- HOLMES, S. J. *The trend of the race: a study of present tendencies in the biological development of civilized mankind*. (New York: Harcourt. 1921. \$4.)
- KALLEN, H. M. *Zionism and world politics*. Edited by WILLIAM JAMES. (Garden City, N. Y.: Doubleday, Page. 1921.)
- KAUFMANN, H. *Das Deutsche Wohnungsprogramm 1921 bis 1925*. (Berlin: Industriebeamtenverlag. 1921. Pp. 36. 3.50 M.)
- MANGOLD, G. B. *Children born out of wedlock: a social study of illegitimacy, with particular reference to the United States*. (Columbia, Mo.: Univ. of Missouri. 1921. Pp. 209.)
- MARCH, L. and others. *Problèmes actuels de l'économie. Numero special de la Revue de Métaphysique et de Morale*. (Paris: Librairie Armand Colin. 1921. Pp. vi, 477. 20 fr.)
- MUIR, R. *Liberalism and industry. Towards a better social order*. (Boston: Houghton Mifflin. 1921. Pp. xii, 208. \$1.75.)
- NEWSHOLME, A. *Prohibition in America and its relation to the problem of public control of personal conduct*. (London: King. 1921. Pp. 68. 2s. 6d.)
- RAINWATER, C. E. *The play movement in the United States*. (Chicago: Univ. of Chicago Press. 1921. Pp. 350. \$2.75.)
- ROBINSON, L. N. *Penology in the United States*. (Philadelphia, Pa.: John C. Winston. 1921. Pp. 340. \$3.)
- WEYL, W. E. *Tired radicals, and other papers*. (New York: Huebsch. 1921. Pp. 223.)
Includes essays on The only truly revolutionary class, The new wealth, The conquering Chinese, Japan's thwarted emigration, Japan's menacing birth-rate, The clash of the races.
- WOOD, J. N. *Democracy and the will to power*. Introduction by H. L. MENCKEN. The free lance books, V. (New York: Knopf. 1921. Pp. 245. \$2.)
- WOOLLEY, H. T. and HART, H. *Feeble-minded ex-school children. A study of children who have been students in Cincinnati special schools*. (Cincinnati, Ohio: Helen S. Trounstone Foundation, 25 East Ninth Street. 1921. Pp. 264. 50c.)
- WOOLSTON, H. B. *Prostitution in the United States*. Vol. I, *Prior to the entrance of the United States into the World War*. (New York: Century. 1921. Pp. xiii, 360. \$2.50.)
- Child welfare*. The Annals of the American Academy of Political and Social Science, vol. VCVIII, no. 187. (November, 1921). (Philadelphia, Pa.: Editorial Office, 39th Street and Woodland Avenue. 1921. Pp. 222. \$1.)
- Division of housing and town planning, annual report, 1920*. Pub. Doc. 103. (Boston, Mass.: Dept. of Public Welfare. 1921. Pp. 42.)
- Health problems of women in industry*. Bull. no. 18. (Washington: Women's Bureau. 1921. Pp. 11.)

- Industrial welfare commission report to August 31, 1920.* (Austin, Texas: Commission. 1921. Pp. 44.)
- Infant mortality. Statistical report for 1920 in 519 cities of the United States.* (New York: American Child Hygiene Assoc. 1921. Pp. 16.)
- Physical standards for working children.* Children's Bureau pub. 79. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 24.)
- Plans for vocational education in Texas.* Bull. no. 125. (Austin, Texas: State Board for Vocational Education. 1920. Pp. 74.)
- Rural and small community recreation.* (New York: Community Service. 1921. Pp. 152.)
- Rural organization. Proceedings of the third National Country Life Conference, Springfield, Mass.* (Washington: Univ. of Chicago Press. 1921. Pp. vii, 242.)
- Section d'Hygiène Urbaine et Rurale et de Prévoyance Sociale du Musée Social. Procès-verbaux des séances 1914-1916.* (Paris: Musée Social. 1921. Pp. 234.)
- Workers education in the United States.* Report of proceedings, first National Conference on Workers Education in the United States, held at the New School for Social Research. (New York: Workers Education Bureau of America, 465 West 23d Street. 1921. Pp. 144. 50c.)

Insurance and Pensions

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- BOSSIÈRE, R. E. *Le règlement d'avaries du grand abordage.* (Paris: Rousseau. 1921. Pp. 36.)
- BURNET, P. *Commodity prices and life insurance in the United States, 1860-1920.* (Wilmington, Del.: Continental Life Insurance Co. 1921. Pp. 9.)
- COHEN, J. L. *Insurance against unemployment. With special reference to British and American conditions.* (London: King. 1921. Pp. 546. 18s.)
- KAUFMANN, P. *Neue Ziele der Sozialversicherung.* (Munich-Gladbach: Volksvereins Verlag. 1921. Pp. 16.)
- LISTER, T. D. *Medical examination for life insurance.* (New York: Longmans. 1921. Pp. viii, 168. \$3.75.)
- RICHARDS, E. G. *The experience grading and rating schedule. A system of fire insurance rate-making based upon average fire costs.* Revised edition. (New York: Van Nostrand Co. 1921. Pp. 157.)
- STIER-SOMLO, F. *Rechtsfragen zur Monopolisierung des Versicherungswesens.* (Berlin: W. Kohlhammer. 1921. Pp. 59. 4.80 M.)
- WILLARD, C. E. *The A B C of life insurance.* Revised, enlarged and rewritten by MILLARD KEYES. Sixth edition. (New York: Spectator Co. 1921. Pp. 104.)
- Fire insurance laws, taxes and fees.* Twenty-first annual edition, revised to September 1, 1921. (New York: Spectator Co. 1921. Pp. 586.)

Gain in life expectancy of insured wage-earners as a result of health service. Statistical Bull., vol. II, no. 9. (New York: Metropolitan Life Insurance Co. 1921. Pp. 11.)

The Metropolitan Life Insurance Company, a public institution. (New York: Metropolitan Life Insurance Co. 1921. Pp. 42.)

Reprinted from the *Eastern Underwriter of New York*, April 8, 1921.

Premiums and losses in the various states of the United States, Alaska, District of Columbia and Hawaii, etc., 1917-1919 and 1920. (New York: Thomas Clagdon Prtg. Co., Inc. 1921. Pp. 190.)

Reports of fire insurance companies, for year ending December 31, 1920. Sixteenth annual edition, compiled from official reports. (New York: Spectator Co. 1921. Pp. 384. \$5.)

Workmen's compensation law of Arizona, effective May 31, 1921; of North Dakota, revised with amendments, March 1921; of South Dakota, revised with amendments and supplementary laws, May, 1921. (New York: F. R. Jones, 80 Maiden Lane. 1921. Pp. 54, 24, 40. \$1, \$1, 75c.)

New Jersey workmen's compensation act and decisions of the courts of common pleas, with references to negligence and compensation cases annotated. (Chicago: Callaghan. 1921. Pp. 51.)

Pennsylvania workmen's compensation act and decisions of the Workmen's Compensation Board, with references to negligence and compensation cases annotated. (Chicago: Callaghan. 1921. Pp. 62.)

Workmen's compensation laws of Rhode Island. (Providence, R. I.: E. L. Freeman Co. 1921. Pp. 46.)

Socialism and Co-operative Enterprises

NEW BOOKS

BIANCHI, U. *La socializzazione del sottosuolo e dell' industria mineraria.* Biblioteca di Studi Rivoluzionaria. (Florence: R. Bemporad & Figlio. 1921. Pp. 181. 5 l.)

BORCHARDT, J., editor. *The people's Marx.* (London: International Bookshops. 1921. 2s. 6d.)

CUNOW, H. *Die Marxsche Geschichts-, Gesellschafts-, und Staatstheorie.* Grundzüge der Marxschen Soziologie, vol. I. (Berlin: Buchhandlung Vorwärts. 1920. Pp. 346. 42.50 M.)

DAVIES, A. E., and EVANS, D. *Land nationalisation, a practical scheme.* (London: Fabian Society. 1921. 4s. 10d.)

DRAHN, E. *Marx-Bibliographie. Ein Lebensbild Karl Marx' in biographisch-bibliographischen Daten.* (Charlottenburg: Deutsche Verlagsgesellschaft für Politik und Geschichte. 1920. Pp. 56. 9 M.)

EUCKEN, R. *Socialism: an analysis.* (London: T. Fisher Unwin. 1921. 12s. 6d.)

GOMPERS, S. and WALLING, W. E. *Out of their own mouths, a revelation and an indictment of sovietism.* (New York: Dutton. 1921. Pp. xx, 265. \$2.)

In striking contrast to Mr. Hillquit's scholarly and effective criticism of the bolshevik government, noted below, is the violent and partisan attack on bolshevism made by Gompers and Walling. The book is a continuation of Mr. Walling's *Bolshevism according to the bolsheviks*. It is made up of selected quotations from speeches and documents connected by a running comment in Mr. Walling's most caustic style. It is an appeal to prejudice, thinly masked in the form of a source book.

G. B. L. ARNER.

HAHN, W. *Streifzüge durch Sowjetrussland. Eigene Erlebnisse und Erfahrungen aus dem Lande der Bolschewiken*. (Vienna: Moritz Perles. 1921. Pp. 94. 8 M.)

HAMILTON, M. A. *The principles of socialism*. (London: I. L. P. Information Committee. 1921. 6d.)

HILLQUIT, M. *From Marx to Lenin*. (New York: Hanford Press. 1921. Pp. 157. 50c.)

The Russian revolution, as Mr. Hillquit says, is "beyond doubt the greatest event in the history of socialism." "With one blow it has transferred the socialist ideal from the abstract and speculative realms of Utopia to the solid ground of reality." It has "forced a critical re-examination of the theoretical bases" of socialism. To this task Mr. Hillquit makes a real contribution. He first discusses the revolution itself, the theoretical soviet organization and the actual "dictatorship of the proletariat" in the light of established theory. Although he is sympathetic in his attitude, he feels that the bolsheviks have attempted an impossible leap from feudalism to socialization. In the final chapters he comments on the relation of the new Russia to western Europe and America, with particular attention to the international organization of the socialist movement. The disruptive tactics of the leaders of the "Third International" are shown to be real obstacles to an effective re-organization of international socialism.

G. B. L. ARNER.

HYNDMAN, H. M. *The economics of socialism*. (Boston: Small, Maynard & Co. 1921. Pp. xvi, 286.)

KELSEN, H. *Sozialismus und Staat*. (Leipzig: C. L. Hirschfeld. 1920. 10 M.)

LARIN, I. and KRITZMANN, L. *Wirtschaftsleben und wirtschaftlicher Aufbau in Sowjet-Russland 1917-1920*. (Berlin: A. Seehof. 1921. Pp. 177. 15 M.)

LASSALLE, F. *Nachgelassene Briefe und Schriften*. Vol. I, *Briefe von und an Lassalle bis 1848, herausgegeben von GUSTAV MAYER*. (Berlin: Deutsche Verlagsanstalt. 1921. Pp. x, 357. 50 M.)

LAVIN, P., translator. *A B C of communism*. Vol. I. (Detroit, Mich.: The Marxian Educ. Soc., 5941 Jos. Campau Avenue. 1921. 50c.)

LEDERER, E. *Deutschlands Wiederaufbau und weltwirtschaftliche Neueingliederung durch Sozialisierung*. (Tübingen: Mohr. 1920. Pp. 120. 12.25 M.)

LENZ, F. *Staat und Marxismus. Grundlegung und Kritik der marxistischen Gesellschaftslehre*. (Stuttgart: J. G. Cotta. 1921. Pp. xxiv, 175. 16 M.)

LEROSSIGNOL, J. E. *What is socialism?* (New York: Crowell. 1921. Pp. x, 267. \$2.)

Many of the chapters in this revised reprint and rearrangement of the author's *Scientific Socialism* (1907) show only minor changes. Two or three new chapters are expansions of matter in the earlier book. The most important new material consists of a chapter on the Sects of Socialism describing rather superficially the different schools of socialists (Fabianism having, for example, about 200 words and guild socialism under 400), a chapter on Bolshevism and an appendix on The Non-Partisan League. The title is rather misleading, for about three chapters tell what socialism is and the other ten are almost entirely an argument against the doctrines of Marxian socialism.

H. E. MILLS.

MASARYK, T. G. *Sur le bolchévisme.* (Geneva: Sonor, 46, Rue du Stand. 1921. Pp. 38.)

MICHELS, R. *Le prolétariat et la bourgeoisie dans le mouvement socialiste italien.* (Paris: Giard. 1921. 20 fr.)

PRICE, G. McC. *Socialism in the test-tube; a candid discussion of the principles, the relations, and the effects of socialism.* (Atlanta, Ga.: Southern Pub. Assoc. 1921. Pp. 128.)

PUECH, J. L. *La tradition socialiste en France et la Société des Nations.* (Paris: Garnier. 1921. Pp. 230.)

RADEK, K. *Proletarian dictatorship and terrorism.* Translated by P. LAVIN. (Detroit, Mich.: The Marxian Educ. Soc., 5941 Jos. Campau Avenue. 1921. 20c.)

SCHLOESSER, R. *Der Konsument im Rätssystem. Die Interessenvertretung der Verbraucher und ihre Einfügung in die organisatorische Wirtschaft.* (Berlin-Fichtenau: Verlag Gesellschaft u. Erziehung. 1921. Pp. 128.)

STROEBEL, H. *Socialisation: its methods and assumptions.* Translated (London: King. 1921.)

TOTOMIANTZ, V. T. *Anthologie coopérative.* (Paris: J. Povolozky & Cie. 1921. Pp. 253. 15 fr.)

WEBB, S. and WEBB, B. *The consumers' coöperative movement.* (London: Longmans. 1921. Pp. xv, 504. 18s.)

WERNER-KAUTZSCH. *Umsturz und Sozialismus. Eine sozialgeschichtliche Studie bis zum Ausbruch der Revolution von 1918.* (Berlin: Natur u. Gesellschaft Verlag. 1921. Pp. 248. 6 M.)

WILLIAM, M. *The social interpretation of history: a refutation of the Marxian economic interpretation of history.* (Long Island City, N. Y.: Sotery Pub. Co. 1921. Pp. 432. \$3.)

ZAGORSKI, S. *La République des Soviets (Bilan Economique).* (Paris: Payot. 1921. Pp. 352.)

The fifty-third annual coöperative congress, 1921. (Manchester, Eng.: Coöperative Union, Ltd., Holyoake House, Hanover Street. 1921.)

The policy of guild socialism. A statement prepared and issued in accordance with the instructions of the annual conference of the National

Guilds League. (London: Labour Pub. Co., 6 Tavistock Square, W. C. 1921. Pp. 23. 6d.)

Profit sharing by American employers. Examples from England. Types in France. A report of the profit sharing department of the National Civic Federation. Third revised edition. (New York: Dutton. 1921. Pp. 416. \$8.)

This is the third edition of the book originally published in 1916, and revised in 1920. It covers more than 200 profit-sharing plans in operation in the United States, describing them fully as they were in 1916, and submitting supplementary statements of their condition in 1919 and of their changes in method or policy during the intervening years. Firms are classified under the headings "Percentage of profits" plans, "Special distribution" plans, "Exceptional plans," "Production bonus" plans, and "Stock ownership plans." Under each heading firms are listed alphabetically and statements varying in length from a paragraph to several pages are submitted on each. The book incorporates brief articles by George W. Perkins, Charles W. Eliot, Ralph M. Easley, and J. W. Sullivan. The report is not a systematic or analytical treatise like the volume, *Profit sharing: its principles and practice*, published in 1918 by Burritt, Dennison, Gay, Heilman, and Kendall, and it will in no sense displace the former book. Its supplementary data for the year 1919 are brief but useful.

JAMES FORD.

The Russian revolution. Labor Herald library, no. 2. (Chicago: The Trade Union Educ. League, 118 N. La Salle Street. 1921. Pp. 115. 50c.)

Statistics and Its Methods

NEW BOOKS

ANDREWS, F. *Handbook of foreign agricultural statistics.* Bull. no. 987. (Washington: Dept. Agri. 1921. 10c.)

AYRES, L. P. *Statistical work. A study of opportunities for women.* (New York: Bureau of Vocational Information. 1921. 60c.)

BALDWIN, B. T. *The physical growth of children from birth to maturity.* (Iowa City, Ia.: Univ. of Iowa. 1921. Pp. 411. \$3.)

BISSET-SMITH, G. T. *The census and some of its uses: outlining plain philosophy of population.* (Edinburgh, Scotland: W. Green and Son. 1921. Pp. xi, 228.)

GIGON, A. and MANGOLD F. *Neue Indexziffern. Schweizerischer Minimal Ernährungsindex.* (Berne: Stampfli. 1921. Pp. 40.)

HOFMAN, E. *Indexziffern im Inland und im Ausland. Eine kritische Studie.* (Karlsruhe i. B.: G. Braun. 1921. Pp. 127. 20 M.)

JAHN, G. *Statistikens Teknik og Metode.* (Kristiana: Aschehoug. 1920. Pp. 257.)

JULIN, A. *Principles de statistique théorique et appliquée.* Vol. I, *Statistique théorique.* (Paris: Marcel Rivière. Pp. xxiv, 712.)

KAHN, E. *Die Indexzahlen der Frankfurter Zeitung. Preise, Löhne, Valuten, Börsenkurse. Staatsfinanzen, Bankausweise, Produktionszahlen,*

- Aussenhandel*. Fourth and fifth editions. (Frankfurt a. M.: Frankfurter Sozietats-Druckerei. 1921. Pp. 64. 3.30 M.)
- LUZZATTI, G. *Metodologia statistica*. (Padua: Lit. Edit. Universitaria. 1921. 14.50 l.)
- MORTARA, G. *Leçons de statistique économique et démographique*. (Rome: Athenaeum. 1920.)
- NICEFORO, A. *Les indices numériques de la civilisation et du progrès*. (Paris: Flammarion. 1921. Pp. 211. 50 fr.)
- RASOR, S. E. *Mathematics for students of agriculture*. (New York: Macmillan. 1921. Pp. viii, 290.)
- TIVARONI, J. *Statistica*. (Padua: Lit. Edit. Universitaria. 1921. 18 l.)
- WICKSELL, S. D. *Elementen av statistikens teori med särskild hänsyn till befolknings-statistiken*. (Stockholm: Svenska Försäkringsföreningens Förlag. 1920. Pp. viii, 176. 12 Kr.)
- ZIZEK, F. *Grundriss der Statistik*. (Munich: Duncker & Humblot. 1921. Pp. vii, 470. 90 M.)
- ZUCKERMANN, S. *Statistischer Atlas zum Welthandel*. Part I, *Text und Tabellen*. Part II, *Graphische Tafeln*. (Berlin: Otto Elsner. 1921. Pp. xvi, 191; 156. 600 M.)
- Anuario estadístico de España*. Año VI—1919. (Madrid: Ministerium de Instrucción Publica y Bellas Artes. Dirección General del Instituto Geográfico y Estadístico. 1921. Pp. vii, 559.)
- The Canada year book 1920*. (Ottawa: Dominion Bureau of Statistics. 1921. Pp. xviii, 768.)
- A first course in statistics*. (London: Bell. 1921. Pp. 286. 15s.)
- Live stock and animal products statistics, 1909-1919*. (Ottawa, Canada: Bureau of Statistics. 1921. Pp. 131.)
- Population and its distribution, compiled from the figures of 1920 United States census, including distribution of retail and wholesale dealers compiled from trade sources*. Third edition. (New York: J. Walter Thompson Co. 1921. Pp. 335.)
- Year book of the American Bureau of Metal Statistics*. (New York: Am. Bureau of Metal Statistics, 115 Broadway. 1921. Pp. 62. \$2. Subs. only.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

- AYRES, C. E. *Instinct and capacity: (1) The instinct of belief-in-instincts; (2) Homo domesticus.* Journ. Phil., Oct. 13, 27, 1921. Pp. 5, 7. "Human nature is not an organic nature, but a social nature.....It is a field wholly apart from animal behavior; it is the behavior of civilization.....The social scientist has no need of instinct; he has institutions."
- BARNES, H. E. *Some contributions of sociology to modern political theory.* Am. Pol. Sci. Rev., Nov., 1921. Pp. 47. A scholarly survey of the recent literature of the nature and functions of the state as a social institution.
- BIRCK, L. V. *Den tekniske Basis for Loren om "increasing" og "decreasing return."* Nationalök. Tids., 2-4 Hefte, 1921. Pp. 97. A theoretical study of increasing and decreasing returns interpreted mainly along the lines of proportionality.
- BRINKMANN, C. *Schmollers Grundriss.* Weltwirtsch. Archiv, July, 1921. Pp. 9. A review of Gustav Schmoller's *Grundriss der allgemeinen Volkswirtschaftslehre.*
- BROWN, W. J. *Law, industry, and post-war adjustments.* Harvard Law Rev., Jan., 1922. Pp. 22. "If today we are to have less fighting and more remuneratively productive work," "two obsessions must be gotten rid of—one, the obsession of distribution as a sort of end in itself; the other, the obsession of production by methods which cannot command the allegiance of the average citizen of today." "Coöperation.....has become an imperative necessity."
- BURDICK, K. *The meaning of police power.* North Am. Rev., Aug., 1921. Pp. 8. The development of the economic and social system makes necessary a restriction of the liberty of the individual and an enlargement of the police power of the state.
- CAMP, W. R. *Proposed reforms in the system of Ford distribution.* Journ. Polit. Econ., Nov., Dec., 1921. Pp. 11, 22. "To the extent that the business system subordinates human needs, comfort, and welfare to consideration of price—as is especially evident in the present period of price depression and curtailed production—to that extent it falls short of maximum social efficiency."
- COX, A. B. *Cost of production: its relation to price.* Texas State Circ., 26, 1920. Pp. 9.
- ELY, R. T. *Land economics and business executives.* Administration, Dec., 1921. Pp. 8. "Land economics is that division of economics, theoretical and applied, which is concerned with the land as an economic concept and with the economic relations which grow out of land as property."
- EVANS, A. P. *The problem of control in medieval industry.* Pol. Sci. Quart., Dec., 1921. Pp. 16. Points out certain significant features of the problem of industrial control in the Middle Ages.
- FISHER, L. *Health and economics.* Contemp. Rev., Oct., 1921. Pp. 8. "We ought not to expect to maintain, as in actual fact we do maintain, a vast mass of people whose ill-health renders them incapable of wholly maintaining themselvesConsidering the wealth of nations, and the causes upon which that wealth depends, all this is waste, complete and deplorable."

- FRIDAY, D. *The accumulation of capital*. New Repub., Dec. 14, 1921. Pp. 4. Capital accumulation for 1921 will amount to more than eight billion dollars. "The industrial depression with its curse of unemployment and its curtailment of production has not impeded seriously the flow of investment funds to the security market."
- HAMILTON, W. H. *Economic opinion*. Civilization in the U. S., 1922. Pp. 16. Summary of the various types of economic opinion in the United States, professional and lay.
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(Abstracts by Amelia C. Ford)

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(Abstracts by A. J. Dadisman)

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(Abstracts by Julius H. Parmelee)

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- _____. *Status of railroad accounts with the government.* Ry. Age, Jan. 7, 1922.
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- LORIN, H. *Le projet de réorganisation des chemins de fer helvétiques.* Rev. Pol. et Parl., Dec. 10, 1921. Pp. 18. Analysis of the Swiss railway problem.
- LYNE, J. G. *Nor do South America's roads escape adversity.* Ry. Age, Jan. 7, 1922.
 Pp. 3. High costs coupled with inadequate earnings.
- MUHLFIELD, J. E. *An analysis of the freight car situation.* Ry. Age, Nov. 19, 1921.
 Pp. 3. Number, condition, and performance of railway cars. With statistics and chart.
- OLDHAM, J. E. *A plan for railroad consolidations.* Ry. Rev., Nov. 19, 26, 1921.
 Pp. 5, 5.
- PARKES, H. *Progress towards normalcy in railway labor field.* Ry. Age, Jan. 7, 1922.
 Pp. 5. Railway labor developments in 1921.
- PARMELEE, J. H. *An analysis of the railway statistics for 1921.* Ry. Age, Jan. 7, 1922.
 Pp. 6. Decline in traffic in 1921 greatest in American railway history. Analysis of earnings, wages, and traffic.
- PASVOLSKY, L. *The railroad situation in soviet Russia.* Annalist, Dec. 5, 1921. P. 1.
- PAYNE, J. L. *The Canadian railways are in a bad way.* Ry. Age, Jan. 7, 1922.
 Pp. 3. Year 1921 worst in Canadian railway history.
- PESCHAUD, M. *Agreement on reorganization of French railways.* Ry. Age, Dec. 31, 1921. Pp. 4. French railway reorganization under new Railway act.
- _____. *High lights in the French railway situation.* Ry. Age, Jan. 7, 1922.
 Pp. 4. Large deficits. New law of 1921 will be helpful.
- REDER, G. *German railways operating under difficulty.* Ry. Age, Jan. 7, 1922.
 Pp. 2. Large deficits, but some physical progress in 1921.
- REMY. *Die Geschichte der serbischen Eisenbahnen.* Archiv f. Eisenbahnw., Nov.-Dec., 1921. Pp. 44.
- THAYER, R. E. *The Indian railways face a serious problem.* Ry. Age, Jan. 7, 1922.
 Pp. 2. Financially prosperous, but physically inadequate.
- _____. *Railway situation in other European countries.* Ry. Age, Jan. 7, 1922.
 Pp. 2. Railway results for 1921 in Norway, Sweden, Spain, and Belgium.
- _____. *Review of English railways during 1921.* Ry. Age, Jan. 7, 1922.
 Pp. 5. Difficult financial and consolidation problems being faced. New law in effect.

- WALKER, R. *The regulation of securities under section 20-a.* Ry. Age, Jan. 7, 1922. Methods and results under one provision of Transportation act.
- WATERMAN, R. *Regrouping the railroads.* Nation's Bus., Nov., 1921. Pp. 2. Summaries of the I. C. C. and Oldham plans.
- WHYTE, F. M. *Unifying the railway gages of Australia.* Ry. Age, Jan. 7, 1922. Pp. 4. With maps.
- Chinese railways experience normal year in 1921.* Ry. Age, Jan. 7, 1922. Pp. 3.
- Die bulgarischen Eisenbahnen in den Rechnungsjahren 1914-1918.* Archiv f. Eisenbahnw., Nov.-Dec., 1921. Pp. 13.
- Die Eisenbahnen Griechenlands vor und nach dem Krieg.* Archiv f. Eisenbahnw., Nov.-Dec., 1921. Pp. 7.
- Die Eisenbahnen Japans 1914-1915 to 1918-1919.* Archiv f. Eisenbahnw., Nov.-Dec., 1921. Pp. 7.
- Indian Railway Committee, 1920-1921.* Ry. Gaz. (London), Sept. 23, 30; Oct. 7, 14, 1921. Pp. 4, 4, 4, 2. Summary of report and recommendations of committee of inquiry on the Indian railway system.
- Prices still much higher than railway rates.* Ry. Age, Dec. 3, 1921. Pp. 4. Based on average of years 1890-1899 as 100. With graphs.

Commerce

(Abstracts by Harry R. Tosdal)

- ANDERSON, B. M. *Our trade relations with Europe from the economist's point of view.* Econ. World, Oct. 22, 1922. Pp. 2. Since manufacturing countries were the ones to suffer because of the war, they must be revived by imports of their products to the United States in order to restore the equilibrium of trade. Opposes tariff wall.
- BAVIN, T. R. *Price-fixing in Australia during the war.* Journ. Comp. Legis. and Intern. Law, third series, vol. III, part IV. Pp. 10. Provisions and accomplishments of federal and state price-fixing legislation in Australia during war.
- CAMP, W. R. *Proposed reforms in the system of food distribution.* Journ. Pol. Econ., Nov., Dec., 1921. Pp. 10, 22. I, Consideration of abuses existing in fruit, dairy products, and vegetable industries and proposals for reducing the cost of distribution as factor in cost of living. II, Gives proposals of Federal Trade Commission to remedy conditions in packing industry. States that the Commission overlooks industrial advantages of system built up by packers and that their reforms "leave all discretionary power as to distribution in hands of owners of surplus products and therefore essentially continue the present conflict of interests between the distributors and the final users of those products."
- DENNIS, A. P. *The United States and Great Britain as competitors in the world's coal trade.* Econ. World, Oct. 29, 1921. Pp. 4. Reprinted from *Commerce Reports*. Discusses the relative advantages and disadvantages of United States and Great Britain, our greatest competitor for world trade.
- HAPPOLD, H. *Englische Entscheidungen über die ratenweisen Lieferungen der Waren.* Blätter f. Vergleichende Rechtswis. u. Volkswirtsch., Apr.-Oct., 1921. Pp. 7. Brief examination of English decisions upon what constitutes legal delivery of goods.

- KIELSTRA, J. G. *Die hollandischen Kolonien und der Freihandel*. Weltwirtsch. Archiv, July, 1921. Pp. 18. Traces history of commercial policy of Dutch colonies, concluding that free trade is favorable to development of new colonies.
- PAYEN, E. *L'aluminium: sa production, ses emplois*. L'Econ. Franç., Dec. 3, 1921. Pp. 2. Digest of remarks of various speakers at exposition and series of conferences held in summer of 1921 to discuss production and uses of aluminium.
- . *Le café: sa production et sa consommation*. L'Econ. Franç., Nov. 12, 1921. Pp. 2. Statistical report of production and consumption of coffee. Recommends that France develop proposal of growing coffee in her colonies.
- . *Le magnésium: sa production, son emploi, ses perspectives*. L'Econ. Franç., Dec. 10, 1921. Pp. 2. Gives information concerning production, uses, and commercial possibilities of magnesium: based on lecture of Professor Flusin of University of Grenoble.
- STAUBACH, C. P. *Sales quotas*. Bull. Taylor Soc., Oct., 1921. Pp. 7. Paper on certain aspects of use of sales quotas in valuating market possibilities of territories presented at meeting of Taylor Society, February, 1921.
- VANDERBLUE, H. B. *The functional approach to the study of marketing*. Journ. Pol. Econ., Oct., 1921. Pp. 7. Illustrates by reference to work of Shaw, Weld, Cherington, Duncan, and others the development of functional basis for study of marketing.
- The artificial silk industry in the United States and Europe*. Econ. World, Nov. 5, 1921. Pp. 7. Statistical report giving history of growth of industry and showing its large possibilities of development.
- A national coöperative wheat-marketing scheme* (United States). Intern. Rev. Agri. Econ., Aug.-Sept., 1921. Pp. 5. Description of objects and methods of United States Grain Growers, Inc.
- Reports of sales research committee*. Bull. Taylor Soc., Oct., 1921. Pp. 3. "Abstract of a preliminary report of the Committee on Sales Questionnaire presented at the annual meeting of the Taylor Society, New York, Dec. 3, 1920."

Public Utilities

(Abstracts by Charles S. Morgan)

- ANDREWS, H. L. *Bus and car costs compared*. Elec. Ry Journ., Oct. 29, 1921. Pp. 3. A criticism of two recent studies of the respective fields of the rail car, the trolley bus and the gasoline bus.
- BAUER, J. *Deadlock in public utility regulation*. II, *Nothing ever settled*. Nat. Munic. Rev., Oct., 1921. Pp. 4. After twenty years of commission regulation there is such indefiniteness about fair value, fair rate of return, proper elements of cost, etc., that confusion and delay still attend the regulatory process. III, *Inefficient service*. *Ibid.*, Nov. 1921. Pp. 5. Commission regulation has failed to develop a program of requiring a high degree of efficiency in utility operation and of assisting in the promotion thereof. IV, *The character of the commissions, and what should be done*. *Ibid.*, Jan., 1922. Pp. 6. Despite its shortcomings regulation is, in general, preferable to municipal ownership or service-at-cost. It should, however, be rendered more effective by improving the personnel of the commissions, a problem calling for appointments on the basis of technical fitness rather than political expediency.

- BLOOD, W. H., Jr. *The passing of "depreciated value" in rate cases.* Stone & Webster Journ., Dec., 1921. Pp. 22. In valuation of a utility's plant for rate-making purposes no deduction should be made for "accrued depreciation" where plant is in one hundred per cent operating condition. Citation of recent decisions supporting this view.
- BUDENZ, L. F. *Befogging the transit issue.* Nation, Nov. 16, 1921. Pp. 2. The Transit Commission's plan for the reorganization of New York City's transportation agencies does not protect the public from high fares or arbitrary control, and is in no sense genuine municipal ownership.
- CARR, H. F. *Regulation of public utilities.* Nat. Elec. Light Assoc. Bull., Nov., 1921. Discussion of the origin, development and present problems of commission regulation.
- CHAMONARD. *Les abonnements telephoniques.* Le Monde Econ., Oct. 15, 1921. Pp. 2. Report made to Chamber of Commerce of Lyons approving, as a temporary measure only and with certain specified reservations, of a projected change from the usual flat-rate basis to a graduated basis of charging for telephone service in France. Automatic telephony preferred.
- DANA, E. *Service-at-cost contract franchise and state regulation.* Elec. Ry. Journ., Oct. 8, 1921. Pp. 2. Advantages of service-at-cost franchises over commission regulation, with particular reference to Boston Elevated Railway.
- EICHEL, E. *Railway situation in Berlin.* Elec. Ry Journ., Nov. 5, 1921. Pp. 3. Brief account of problems encountered in operation of Berlin's railways.
- E. C. G. *Rates fixed by municipality under power to regulate and fix rates.* Mich. Law Rev., Dec., 1921. Pp. 3. Brief statement of principles of law developed to date in widespread controversy over power of municipalities to establish binding rates.
- GRUHL, E. *The traction industry today and four years ago.* Elec. Ry. Journ., Oct. 8, 1921. Pp. 4. "The difficulties confronting the industry are as acute today as they were at the beginning of the four-year period." Need for further efforts looking to the final readjustment of the industry.
- HOBEN, C. A. *Public utility invested capital.* Annalist, Nov. 14, 1921. Pp. 2. Valuation, which should be based on the historical cost of the property, is relatively less important than that the return thereon should be sufficient to maintain securities at a market value commensurate with the capital investment which they represent. Formula for determination of such a rate of return is presented.
- N. M. *What is admissible evidence of value in eminent domain?* Harvard Law Rev., Nov., 1921. Pp. 2. Summary of recent federal court decisions in which a further extension of the principle of eminent domain is established, while the cost of reproduction method of valuation is limited by what a "reasonably prudent man would purchase or undertake the construction of the property for."
- MATHEWS, N. *The valuation of property in the early common law.* Harvard Law Rev., Nov., 1921. Pp. 15. Examination of early cases and commentaries shows that, despite frequent and diversified instances of valuation practice, there was no development of principles of valuation until about the middle of the nineteenth century.
- MURPHY, E. J. *The present trend of business.* Aera, Dec., 1921. Pp. 3. Statistics, here presented, of operating revenues and expenses of 72 representative electric railways for the first nine months of 1920 and 1921 give evidence of effects on this industry of the prevailing business depression.

- NASH, R. R. *The worth of a car ride*. Stone & Webster Journ., Oct., 1921. Pp. 8. The value of the service rendered by a public utility has not been and can not be definitely determined. Therefore, this stricture on the "cost of service" basis of rates is, in general, unwarranted.
- NEWMAN, J. K. *The future of street railway financing*. Elec. Ry. Journ., Oct. 8, 1921. Pp. 2. Discussion of proper financial structure for companies operating under service-at-cost franchises.
- PERRY, J. A. *Appeal for reason in utility regulation*. Elec. World, Oct. 29, 1921. Pp. 2. President of National Association of Railway and Utilities Commissioners sounds warning against regulation which does not look to a proper development of utilities.
- PHILLIPS, A. I. *Effect of English btu standard*. Gas Age-Record, Nov. 12, 1921. Pp. 3. Judging from British experience with the Gas Regulation act of 1920, this American engineer favors "the removal of all heating value restrictions," "rates being "fixed in accordance with our recognized principles of regulation."
- SIKES, G. C. *The wrangle over public utilities in Illinois*. Nat. Munic. Rev., Nov., 1921. Pp. 2. Brief survey of recent legislation in Illinois.
- W. R. V. *Coal mining affected with a public interest*. Yale Law Journ., Nov., 1921. Pp. 4. Broadening of concept of industries "affected with a public interest."
- WEHLE, L. B. *Low street railway fares with the help of the landowner*. Nat. Munic. Rev., Oct., 1921. Pp. 4. The landowner benefited by increased land values as the result of the extension of transit facilities should bear, through taxation, a proportion of the initial cost of construction of such facilities.
- Advantages of a superpower system*. Elec. World, Nov. 5, 1921. Selections from a recent government report showing in detail the savings to be accomplished by a superpower system between Boston and Washington.
- Analysis of weekly pass at Youngstown*. Elec. Ry. Journ., Dec. 24, 1921. Pp. 5. Instructive interpretation of results obtained in this apparently successful attempt to built up traffic.
- California public utility regulation*. Gas Age-Record, Dec. 24, 1921. Pp. 2. Portions of last annual report of California Railroad Commission, showing some of the methods and effects of regulation.
- City takes Toronto Railway*. Elec. Ry. Journ., Sept. 10, 1921. P. 1. Formal transfer will be consummated by about January 1, 1922.
- Commission's tentative plan criticized*. Elec. Ry. Journ., Dec. 17, 1921. P. 1. President of Brooklyn Rapid Transit Company objects principally to the holding company feature of the New York Transit Commission's proposed reorganization of the city's rapid transit system and proposes a substitute therefor.
- Constitutional methods of regulating jitneys*. Yale Law Journ., Dec., 1921. Pp. 4. Consideration of constitutionality of recent Connecticut legislation.
- Features of Des Moines franchise*. Elec. Ry. Journ., Dec., 10, 1921. Pp. 2. Summary of this recent service-at-cost franchise.
- Hearings completed for year*. Elec. Ry. Journ., Dec. 24, 1921. Pp. 3. Summary of testimony on proposed reorganization of New York City's railways, particularly with reference to financial aspects of the plan.

One year of service at cost at Rochester. Elec. Ry. Journ., Dec. 24, 1921. P. 1. Better public feeling and improved service have been accomplished.

Ownership and operation of utilities. Elec. World, Nov. 12, 1921. P. 1. Committee on public ownership and operation of utilities of National Association of Railway and Utilities Commissioners reports that public ownership is undesirable in theory and unsuccessful in practice.

Regulation of utilities in Wisconsin. Elec. Ry. Journ. Oct. 29, 1921. Pp. 4. Interesting description of work of Wisconsin Railroad Commission, especially its efforts to strengthen the companies it regulates.

Service-at-cost sound. Elec. Ry. Journ., Dec. 31, 1921. P. 1. A significant statement, abstracted from a recent report of Cleveland Street Railway Commissioner, of the results accomplished in last six years and of certain problems now being faced.

Statistics of New York railways. Elec. Ry. Journ., Nov. 26, Dec. 17, 1921. Pp. 4, 4. Extended presentation of Transit Commission's statistics on various aspects of the city's railways.

Utility commissioners discuss motor buses. Elec. Ry. Journ., Oct. 29, 1921. Pp. 3. Views of various commissioners on the proper sphere of the motor bus in local transportation.

What the public utility commissioners think about important rate questions. Pub. Service Manag., Jan., 1922. A particularly important report of committee on rates of National Assoc. of Railway and Utilities Commissioners.

Accounting

(Abstracts by Martin J. Shugrue)

BOSSERT, H. *Newspaper accounting.* Journ. Account., Dec., 1921. Pp. 22. Description of the operation of a newspaper plant and its accounting requirements.

BOWMAN, J. H. *Electric railway cost accounting.* Elec. Ry. Journ., Oct. 15, 1921. Pp. 4.

COOK, W. W. *Stock without par value.* Am. Bar Assoc. Journ., Oct. 1921. Pp. 3. Consideration of this new device of corporate financing; of the dangers it may involve, and of additional steps needed to protect creditors and purchasers.

GRAHAM, D. *Should a small bank analyze?* Journ. Am. Bankers Assoc., Oct., 1921. Pp. 2. The answer is probably "yes" with reservations. Discusses the small account problem, the large account that is a source of loss and other difficulties to which depositor may subject his bank.

JOYCE, H. W. *The traveling auditor.* Journ. Account., Nov., 1921. Pp. 4. How his efficiency may be judged.

KNIGHT, M. A. *The operation of the analysis department.* Bankers Mag., Nov., 1921. Pp. 5. Intended for the consideration chiefly of bankers doing business in smaller cities. Illustrated with specimen forms.

MYER, E. M. *Lumber freight.* Journ. Account., Dec., 1921. Pp. 6.

OAKLEY, F. *Auditing federal reserve banks.* Journ. Account., Nov., 1921. Pp. 8. Outlines the steps which must be followed in conducting an audit of this kind.

PRUDDEN, R. F. *Bank credit investigator.* Bankers Mag., Oct., Nov., 1921. Pp. 10. Fifth and sixth in a series of articles dealing with the work of the credit depart-

- ment of a bank. The last of the series deals particularly with trade terms and discounts, trade acceptances and summarizing the investigation.
- PUTNAM, G. E. *Unit costs as a guiding factor in buying operations.* Journ. Pol. Econ., Oct., 1921. Pp. 13. Shows that the packer's cost-accounting system performs one of its chief functions in indicating the maximum price that can profitably be paid for live stock rather than in determining the minimum selling price; and incidentally that a cost system performs essentially the same functions in many other industries.
- WALL, A. *A profitable account.* Bankers Mag., Oct., 1921. Pp. 5. A discussion of method by which the profit or loss on a checking account may be obtained with fairness to both banker and customer.
- WILLIAMS, C. B. *Treatment of costs during periods of varying volumes of production.* Journ. Account., Nov., 1921. Pp. 13. Believes that manufacturing cost should not be affected by variations in the volume of production but that it should be based upon normal volume of production.
- WILSON, C. N. *A system of accounts for cheese factories.* Wis. Div. Markets Bull., no. 5., 1920. Pp. 16. The suggested accounting blanks and forms and a brief text are presented for the purpose of assisting the standardization of business methods in the cheese industry of Wisconsin.
- WILSON, C. N. *A system of accounts for coöperative warehouses.* Wis. Div. Markets Bull., no. 5, 1920. Pp. 30. The system outlined in this bulletin is offered to enable coöperative warehouses to comply with requirements of the law and to facilitate the making of income-tax returns.
- WOOD, J. *The preparation of the annual accounts of a farm.* Accountants' Mag. (Edinburgh), Nov., 1921. Pp. 8. Fourth in a series of articles dealing with farmers' accounts. Illustrated with statement forms.
- Accounting for legislative appropriations for state institutions.* Pace Student, Dec., 1921. Pp. 5. Outline of accounting requirements illustrated with journal entries and typical forms for records.
- Cost accounting work in trade organizations.* Pace Student, Nov., 1921. Pp. 2. Contains correspondence on this subject between Chamber of Commerce of the United States and the Federal Trade Commission.
- Notes on balance-sheets.* Bankers' Mag. (London), Nov., Dec., 1921. Pp. 5, 6. I, An elementary explanation of what a balance sheet is and how its items are classified and also briefly how it may be analyzed. II, Analyzes three credit statements: a good balance sheet, a second class risk, and a statement of a company in poor financial condition. To be continued.
- Valuation of debts in a merchant's balance-sheet.* Accountants' Mag. (Edinburgh), Nov., 1921. Pp. 9. Mainly concerned with the valuation for balance-sheet purposes of debts on open account.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

- ALLISON, B. D. *Labor education in Germany.* Survey, Oct. 8, 1921. Pp. 2.
- ANDREWS, J. B. *The President's Conference on Unemployment—success or failure?* Am. Labor Legis. Rev., Dec., 1921. Pp. 4. Answer depends on degree to which the manufacturers take steps to reduce inequalities of employment within their own establishments.

- ASKWITH, LORD. *The executive section of industry*. Fortn. Rev., Nov., 1921. Pp. 6. The brain-workers are organizing and may join the trade union movement unless the employers treat them with sympathy and tact.
- BARKER, J. E. *Unemployment: its cause and only remedy*. Fortn. Rev., Nov., 1921. Pp. 9. The cause is the extortionate and restrictive policies of labor.
- BARTON, D. M. *Women's minimum wages*. Journ. Royal Stat. Soc., July, 1921. Pp. 41. Comparison of wages fixed by trade boards and those fixed by voluntary agreement; the boards have undoubtedly raised the wages of the lower-paid workers, without preventing agreements for higher rates being made. Paper is followed by discussion.
- BING, A. M. *The British building guilds*. Survey, Oct. 29, 1921. Pp. 5. Results to date and prospects.
- BIRD, F. H. *The cost of living as a factor in wage adjustments in the book and job branch of the Chicago printing industry*. Am. Econ. Rev., Dec., 1921. Pp. 21.
- BLANKENHORN, H. *The temper of the coal miners*. Survey, Oct. 22, 1921. Pp. 2. Review of 1921 convention of United Mine Workers.
- BURNS, G. H. *The vital question of building trades wages*. Annalist, Dec. 26, 1921. Pp. 2. Drastic wage cuts are inadvisable with present level of living costs; the solution is increased output by the individual workers.
- CARLTON, F. T. *Drifting stockholders: floating workers*. Survey, Dec. 31, 1921. Pp. 3. Looks toward control of industry by the resident managers and the workers.
- CHENERY, W. L. *The storm's passing*. Survey, Nov. 5, 1921. Pp. 2. The calling-off of the threatened railroad strike.
- CLYNES, J. R. *Labour and unemployment*. Nineteenth Cent., Nov., 1921. Pp. 11. An analysis of the causes and a program. The writer is one of the leaders of the Labour party.
- COLE, G. D. H. *Labour in war and peace*. Fortn. Rev., Dec., 1921. Pp. 14. A review of the developments from 1913 to date. Two significant new movements are the building guilds and the working-class education movement. Trade unions are now on the defensive, however, owing to the unemployment situation.
- . *Labor prospects in Great Britain*. No. Am. Rev., Oct., 1921. Pp. 12.
- . *Non-manual trade unionism*. No. Am. Rev., Jan., 1922. The growth of organization among supervisory and technical workers; the future course of industrial organization depends largely on whether they throw in their lot with the unions of manual workers.
- CONDLIFFE, J. B. *Wage arbitration in New Zealand under falling prices*. Econ. Journ., Dec., 1921. Pp. 7. The court has not raised real wages in times of prosperity and would doubtless hold them up in the period of falling prices, but reductions in nominal wages are unpopular and the court is facing a severe test.
- COOKE, M. L. *Unemployment within employment*. Intern. Lab. Rev., Dec., 1921. Pp. 11. Deals with idleness among workers who are employed. A paper read before the Taylor Society, May 9, 1921.
- COX, G. V. *The English building guilds: an experiment in industrial self-government*. Journ. Pol. Econ., Dec., 1921. Pp. 15. Organization, nature of the contracts, financing, results in output and cost, elements of strength, and relation to guild socialist principles.

- FEIG, J. *The right of association among agricultural workers in Germany.* Intern. Labor Rev., Dec., 1921. Pp. 9. Causes of increase in organization and strikes.
- FINDLAY, SIR JOHN. *Industrial peace in New Zealand.* Intern. Lab. Rev., Oct., 1921. Pp. 16. The achievements outweigh the disappointments.
- FRANCKE, E. *The new spirit in German labour legislation.* Intern. Lab. Rev., Oct., 1921. Pp. 7. The new legislation is based on the principle of the equality of rights.
- GISBOURNE, F. A. W. *The recoil of the living wage in Australia.* Nat. Rev., Aug., 1921. Pp. 14. System had to fail because based on wrong principles.
- GODWIN, F. *The rise of Japanese labor consciousness.* Nation, Oct. 26, 1921. Pp. 4.
- GOMPERS, S. *The unemployment conference—a picture.* Am. Fed., Nov. 1921. Pp. 7.
- GREENWOOD, E. *Labor at Geneva.* Survey, Dec. 17, 1921. Pp. 2. The results of the third annual conference of the International Labor Organization of the League of Nations.
- GRIFFITH, S. *Productive unemployment in Germany.* Survey, Dec. 24, 1921. Pp. 3. The unemployed are put to work in government enterprises or on private work of recognized public utility, with funds advanced by the government.
- HANSEN, A. H. *Cycles of strikes.* Am. Econ. Rev., Dec. 1921. Pp. 5.
- HERBERT, A. S. *Unemployment and the remedy: the socialisation of industry.* Fortn. Rev., Dec., 1921. Pp. 11.
- HUNT, E. E. *Action—an account of the measures that have arisen out of the President's Conference on Unemployment.* Survey, Dec., 17, 1921. Pp. 3. Writer was secretary of the conference.
- HUTCHINS, B. L. *The present position of industrial women workers.* Econ. Journ., Dec., 1921. Pp. 10. Unemployment is increasing and wage reductions are threatened. The Trade Board plan must be retained, economies must be introduced by employers, and, if necessary, combinations to keep up prices organized.
- KRAUSE, L. *Dismissal of workmen in the new German labor legislation.* Am. Fed., Dec., 1921. Pp. 3.
- . *Trade union movement in Austria and Hungary.* Am. Fed., Oct., 1921. Pp. 3.
- LANE, W. D. *The labor sky in West Virginia.* Survey, Oct. 22, 1921. Pp. 3.
- . *West Virginia—The civil war in its coal fields.* Survey, Oct. 29, 1921. Pp. 7.
- LASKI, H. J. *England's unemployed.* Survey, Oct. 15, 1921. Pp. 2.
- MADIA, G. *L'aumento dei salari dal 1914 al 1921.* Giorn. d. Econ., Oct., 1921. Pp. 10.
- NEUMANN, S. *International Arbejderlovgivning.* Nationalök. Tids., 2-3, 1921. Pp. 7. Outlines the attempts made to bring about uniform international regulation of labor conditions and looks for progress under the provisions of the treaty of Versailles.

- FIGOU, A. C. *Unemployment*. *Contemp. Rev.*, Dec., 1921. Pp. 6. An analysis of the causes of the present situations; a restoration of confidence is essential to recovery.
- QUINBY, R. S. *A study of industrial absenteeism*. *Mo. Labor Rev.*, Oct., 1921. Pp. 9.
- ROSEWATER, V. *Wages, budgets, cost of living*. *Am. Econ. Rev.*, Dec., 1921. Pp. 4.
- ROWNTREE, B. S. *The future of industry*. *Survey*, Dec. 3, 1921. Pp. 3. Five points which employers must concede to labor to secure industrial peace.
- . *Prevention and compensation of unemployment*. *Intern. Lab. Rev.*, Dec., 1921. Pp. 13. Deals with the general problem rather than with the present emergency.
- . *Unemployment compensation, an aid to economic security*. *Am. Labor Legis. Rev.*, Dec., 1921. Pp. 4.
- SHADWELL. *The war of the mines*. *Quart. Rev.*, July, 1921. Pp. 19. The causes of the struggle are to be found largely in the policies pursued by the government in all the big mining disputes for the past ten years. Favors a national pool.
- TUCKWELL, G. M. *The story of the Trade Board's acts*. *Contemp. Rev.*, Nov., 1921. Pp. 7. Constructive criticism.
- TURNER, V. B. *Labor conditions and legislation in New Zealand*. *Mo. Labor Rev.*, Dec., 1921. Pp. 15.
- . *Labor unrest in Australia and South Africa*. *Mo. Labor Rev.*, Nov., 1921. Pp. 32.
- WAGGAMAN, M. T. *Some developments in the movement for "family wages."* *Mo. Labor Rev.*, Oct., 1921. Pp. 12. Covers foreign countries.
- WALSH, F. P. *Wall Street's control of railroad labor policy*. *Nation*, Nov. 2, 1921. Pp. 2.
- WARNER, A. *Fighting unionism with martial law*. *Nation*, Oct. 12, 1921. Pp. 2. Refers to conditions in coal fields of Mingo County, West Virginia.
- WEST, G. P. *A 100-per cent American strike*. *New Repub.*, Oct. 19, 1921. Pp. 2. A strike of oil-well workers in San Joaquin Valley, California; the strikers will probably be defeated.
- WHITNEY, A. L. *Labor unrest in Scandinavian countries and Finland*. *Mo. Labor Rev.*, Oct., 1921. Pp. 17.
- British Trades Union Congress—synopsis of proceedings of the fifty-third annual convention at Cardiff*. *Lab. Gaz. (Canada)*, Oct., 1921. Pp. 4.
- Control of the employment of children in agriculture in Canada and the United States*. *Intern. Lab. Rev.*, Oct., 1921. Pp. 25. Tabular summary of laws of provinces and states.
- Control of the employment of children in agriculture in Europe*. *Intern. Lab. Rev.*, Nov., 1921. Pp. 37.
- Decisions of the Railroad Labor Board on overtime*. *Mo. Labor Rev.*, Oct., 1921. Pp. 4. Rules of general application adopted by the Board for the six shop crafts. These are compared in parallel columns with the rules on the same subject in the "national agreement" made between the Railroad Administration and the shop crafts federation.

- Decisions of the Railroad Labor Board.* Mo. Labor Rev., Dec., 1921. Pp. 4. The decision of the Board further amending the "national agreements" of the shop crafts.
- The eight-hour day in Japan.* Intern. Lab. Rev., Oct., 1921. Pp. 4.
- The employment situation in Russia since the bolshevik revolution, II.* Intern. Lab. Rev., Oct., 1921. Pp. 15.
- Fourth convention of National and Catholic Unions.* Lab. Gaz. (Canada), Oct., 1921. Pp. 4. Synopsis of proceedings.
- Further action toward the alleviation of unemployment conditions in Canada.* Lab. Gaz. (Canada), Oct., 1921. Pp. 5.
- Growth of trade unionism since 1913.* Intern. Lab. Rev., Dec., 1921. Pp. 4. Supplement to article under same title in the July-August, 1921, number.
- Joint industrial councils in Great Britain.* Intern. Lab. Rev., Dec., 1921. Pp. 16.
- Juvenile employment service in Canada and other countries.* Lab. Gaz. (Canada), Nov., 1921. Pp. 4.
- Labor legislation of 1921.* Am. Labor Legis. Rev., Dec., 1921. Pp. 75.
- Minimum wage legislation for low-paid industries in Europe.* Intern. Lab. Rev., Nov., 1921. Pp. 31.
- President's Conference on Unemployment, Washington, D. C.* Mo. Labor Rev., Nov., 1921. Pp. 9.
- Profit-sharing and co-partnership in Great Britain.* Intern. Labor Rev., Oct., 1921. Pp. 12.
- Progress of the English building guilds.* Mo. Labor Rev., Dec., 1921. Pp. 7.
- Recommendations of the President's Conference on Unemployment.* Survey, Oct. 22, 1921. Pp. 3.
- Sixteenth congress of the Confédération Générale du Travail, France.* Mo. Labor Rev., Oct., 1921. Pp. 4.
- The threatened railroad strike.* Mo. Labor Rev., Dec., 1921. Pp. 15. Record of events, with texts of important statements.
- The trade union movement.* Intern. Labor Rev., Oct., 1921. Pp. 11. Chiefly concerned with international movements.
- Wage award by Judge Landis in Chicago building trades, September 7, 1921.* Mo. Labor Rev., Oct., 1921. Pp. 5. Text of the award.
- Workers' education in Great Britain.* Intern. Lab. Rev., Nov., 1921. Pp. 18.

Public Finance

(Abstracts by Charles P. Huse)

- ANDERSON, W. *Income tax: corporation profits tax and super tax.* Scottish Bankers Mag., Oct., 1921. Pp. 20. Traces the history of the British income tax, giving the changes made in 1920.
- BADULESCO, V. *Le prélèvement sur le capital en Autriche.* Rev. Sci. et Legis. Fin., July-Sept., 1921. Pp. 132. Gives the history and text of the act.
- BRANCHINI, M. and SCIALOJA, A. *Note e noterelle di politica doganale.* Riv. di Pol. Econ., no. VI, 1921. Pp. 12. Five controversial articles on the current Italian tariff situation.

- BROWN, H. G. *The shifting of taxes on sales of land and capital goods and on loans.* Journ. Pol. Econ., Oct., 1921. Pp. 11. Considers many possible effects of such taxes.
- CLARKE, P. L. *Classified taxation in Kentucky.* Bull. Nat. Tax. Assoc., Nov., 1921. Pp. 4. The reform has brought good financial and moral results.
- COMSTOCK, A. *Lessons of the French turnover tax.* Annalist, Dec. 12, 1921. Pp. 2. Possibilities of evasion and inequality of application to agricultural and business classes.
- CORBINO, E. *Un caso di protezionismo marittimo a rovescio.* Giorn. d. Econ., Sept., 1921. Pp. 4.
- DINGLEY, E. N. *Refunding foreign obligations.* Protectionist, Dec., 1921. Pp. 7. Gives the history of the foreign loans and considers the chances of repayment by the various countries.
- DUDLEY, A. S. *State classification and the commerce clause.* Bull. Nat. Tax Assoc., Nov., 1921. Pp. 6. Considers the constitutionality of the Montana law which taxes railroad property at a higher rate than land of the same value.
- FAIRCHILD, F. R. *The futures of state and local taxation.* Bull. Nat. Tax Assoc., Dec., 1921. Pp. 7. Proposes as an ultimate goal the use of the income tax, supplemented by a tax on physical wealth and possibly a business tax.
- GRILLI, C. *Il protezionismo dopo la guerra.* Riv. Internaz., Aug., Sept., 1921. Pp. 8, 21.
- GROSSMAN, E. *Les finances publiques de la Suisse de 1914 à 1920.* Rev. Sci. et Légis. Finan., July-Sept., 1921. Pp. 37. Shows the effects of the war upon Swiss expenditures, both central and local, and the measures taken to meet them.
- HAG, R. M. *The crisis in state and local taxation of banks.* Journ. Am. Bankers Assot., Oct., 1921. Pp. 4. A recent decision of the supreme court apparently makes a revision of state laws imperative.
- HARISTOY, J. *L'impôt sur le revenu (suite).* Rev. Sci. et Légis. Finan., July-Sept., 1921. Pp. 12. Tells of recent developments in the administration of the French income tax.
- HAYES, F. M. *Inheritance taxes and how to provide for them.* Econ. World, Oct. 8, 1921. Pp. 3. To prevent injury to the estate, life insurance should be carried.
- HORWILL, H. W. *Problems of local taxation in England.* Pol. Sci. Quart., Dec., 1921. Pp. 12. Local rates have risen to an average of 17 shillings in the pound.
- HOUSTON, D. F. I, *Where our taxes go, and why.* II, *What you need to know about federal taxation.* World's Work, Sept., Oct., 1921.
- HOWE, S. T. *The determination of a tax levy.* Bull. Nat. Tax Assoc., Nov., 1921. Pp. 4. Minimum rates combined with valuation at selling value should be adopted.
- KAHN, O. H. *The effect of tax revision on prosperity. An open letter.* Finan. Rev. Rev., Dec., 1921. Pp. 6. A plea for a reduction in the surtaxes.
- LIESSE, A. *Le budget de 1922; les économies et le rendement des impôts.* L'Econ. Franç., Oct. 15, 1921. Pp. 3. The finance commission of the chamber of deputies reports against heavier taxes and in favor of economies.
- MANN, F. K. *Die Finanzlage der Schweiz.* Weltwirtsch. Archiv, July, 1921. Pp. 10.

The war has brought about a tremendous increase in the Swiss debt and compelled resort to very heavy taxes.

MARION, M. *Le produit des contributions indirectes pendant l'année 1920*. L'Econ. Franç., Nov. 5, 1921. Pp. 5 Gives figures comparing the productivity of the various taxes in 1919 and 1920.

MILLS, O. L. *The spending tax*. Bull. Nat. Tax Assoc., Oct., 1921. Pp. 3. Outlines a new tax which he believes should take the place of the surtaxes.

ONETO, S. *La discriminazione qualitativa fra ricchezze soggette ad imposta*. Giorn. d. Econ., Sept., 1921. Pp. 20.

PEARSON, E. N. *Federal income tax law*. Investment Bankers of Am. Bull., Sept. 30, 1921. Pp. 3. Explains procedure in case of tax-free covenants.

RICE, J. I. *The inconsistencies and shortcomings of the tax laws of South Carolina*. Bull. Nat. Tax Assoc., Nov., 1921. Pp. 2. Classification can only follow the adoption of a constitutional amendment.

SCHNEIDER, S. *Das Steuerkapital der Kantone und die Steuerbelastung*. Zeitsch. f. Schweizerische Statistik u. Volkswirtsch., 2 Heft, 57 Jahrg. Pp. 19. A study of capital taxation in Switzerland including the inheritance tax.

SCHULTHEISS. *The Swiss tariff policy*. Protectionist, Dec. 5, 1921. Switzerland has been forced by business depression to adopt a higher tariff.

SMITH, G. P. *The doubtful constitutionality of the federal estate tax on life insurance payable to specified beneficiaries*. Econ. World, Nov. 5, 1921. Pp. 2. Argues that such policies are not a part of decedent's estate, citing decisions of state courts in support.

STAMP, J. C. *The taxable capacity of Ireland*. Econ. Journ., Sept., 1921. Pp. 14. Discusses the principles which should be followed in measuring this taxable capacity.

VAKIL, C. N. *Our fiscal policy*. Journ. Indian Econ. Soc., Sept. 1921. Pp. 21. Deals largely with tariff history.

VIGORELLI, R. *La difesa fiscale e giuridica della piccola proprietà*. Riv. Internaz., July, 1921. Pp. 10.

YVES-GUYOT. *La réforme sociale et les finances britanniques*. Journ. des Econ., Oct. 15, 1921. Pp. 14. Believes that England's social legislation will bring back the evils removed by the poor law reform of 1834.

American valuations. Protectionist, Nov., 1921. Pp. 9. Favors plan because of its protective and revenue features.

Population

(Abstracts by A. B. Wolfe)

ADAMI, G. *The true aristocracy*. Sci. Mo. Nov. 1921. Pp. 15. Advocates the widespread establishment of mental and physical tests for the improvement of the national stock "by scientific and democratic means, irrespective of wealth and influence." Address before the Second International Congress of Eugenics.

ANDREADES, A. *De la population de Constantinople sous les empereurs byzantins*. Metron, Dec., 1920. Pp. 46.

ANDREADES, M. and others. *La population de l'Empire britannique après la guerre:*

- le recensement anglais du 19 juin 1921.* L'Econ. Franç., Nov. 26, 1921. Pp. 3. Discussion before the Société d'Economie Politique de Paris.
- AUROUSSEAU, M. *The distribution of population: a constructive problem.* Geog. Rev., Oct. 1921. Pp. 30. A valuable contributive article relative to ratio between population and resources. Article shows how geographical science should be brought to the aid of economics in solving the problem of the distribution of population.
- BATESON, W. *Common sense in racial problems.* Eugenics Rev., Apr. 1921. Pp. 14. Equality of political power has been bestowed upon the lowest elements of our population and we are nearing the final stage of democratic decay. Biological truth has been recognized too late.
- BAUR, E. *Die biologische Bedeutung der Auswanderung für Deutschland.* Archiv f. Frauenkunde, July, 1921. Pp. 3. Deteriorating influence of emigration.
- BERTELSEN, A. *Some statistics on the native population of Greenland.* Metron. Sept., 1921. Pp. 5.
- BLOCH, L. *Occupations of immigrants before and after coming to the United States.* Quart. Pub. Am. Stat. Soc., June, 1921. Pp. 15. A statistical study originally prepared for the Carnegie Americanization study. The available statistics indicate that on the whole neither the immigrant agricultural workers nor the immigrant skilled workers follow their former occupations to a large extent after the coming to the United States.
- CESTRE, C. *The family extra wage in France.* Survey, Nov. 12, 1921. Pp. 2. Outline of one of France's neo-mercantilistic repopulation devices.
- COX, H. *The problem of population.* Dial, May, 1921. Pp. 7.
- DARWIN, L. *The field of eugenic reform.* Sci. Mo., Nov. 1921. Pp. 14. A general but pointed presentation of some fundamental problems in eugenics policy. Address before the Second International Congress of Eugenics.
- DARWIN, L. *Population and civilization.* Econ. Jour., June, 1921. Pp. 8. "We want another Malthus to arise who would avail himself of all the knowledge reaped during the last hundred years and who would face these intricate problems with the same courage displayed by his great predecessor."
- EHLER, J. *Bevölkerungsbewegung in den preussischen Grosstädten im Jahre 1920.* Jahrb. f. Nat. Oekon., July, 1921. Pp. 3.
- FISHER, I. *Impending problems of eugenics.* Sci. Mo., Sept. 1921. Pp. 18. Presidential address before the Eugenics Research Association.
- GURADZE, H. *Berlins Bevölkerungsbewegung in und nach dem Weltkrieg.* Jahrb. f. Nat. Oek. u. Statistik, June, 1921. Pp. 3.
- HALL, P. F. *The present and future of immigration.* No. Am. Rev., May, 1921.
- KELLOGG, V. *Race and Americanization.* Yale Rev., July, 1921. Pp. 12.
- KELLOR, F. *Future immigration.* No. Am. Rev., July, 1921. Pp. 8.
- KNIBBS, G. H. *The theory of large population—aggregates.* Metron, July, 1920. Pp. 13. Popular statement of some of the author's mathematical theories of population.
- MARCH, L. *The consequences of war and the birth rate in France.* Sci. Mo., Nov., 1921. Pp. 21. An indirect argument for France's repopulation policy. Rejects

the Malthus analysis on the ground that no one law can be formulated for population growth. An address before the Second International Congress of Eugenics.

PEARL, R. *The biology of death. VII, Natural death, public health, and the population problem.* Sci. Mo. Sept., 1921. Pp. 21. Concluding number of Prof. Pearl's noteworthy series of articles. In this his mathematico-biological theory of the ultimate limit of population in any country is presented. The limit for the United States is put at 197¼ millions.

A biological classification of the causes of death. Metron, April, 1921. Pp. 9.

SCHILLER, F. S. C. *Eugenics versus civilization.* Eugenics Rev., July, 1921. Pp. 18. Civilization need not be unfavorable to eugenical quality of the human stock.

TURPEAU, J. *La natalité.* Monde Econ., Nov. 26, 1921. Pp. 4. A laudatory review of Auburtin's *La Natalité*.

WALLIS, W. D. *The Mexican immigrant in California.* Pacific Rev., Dec., 1921. Pp. 11. Characteristics and effects.

WESTENHOFER, DR. *Auswanderung und Heimat-Siedlung vom eugenetischen Standpunkt.* Archiv f. Frauenkunde. July, 1921, Pp. 23.

Birth control in France. Survey, Jan. 7, 1922. Pp. 1.

Le mouvement de la population en France en 1920. L'Econ. Franç., Aug. 20-27, 1921. Pp. 2. Recent demographic statistics from the *Journal Officiel*, July 31, 1921.

La population de la Belgique. L'Econ. Franç., Oct. 1, 1921. P. I.

Insurance and Pensions

(Abstracts by Henry J. Harris)

DE BERNONVILLE, D. *Chronique des questions ouvrières et des assurances sur la vie.* Journ. Soc. Stat. Paris, Dec., 1921. Pp. 7. Summary data on unemployment, cost-of-living indices, wages and digest of bill on social insurance.

BURNET, P. *The relation between commodity prices and life insurance in the United States, 1860-1920.* Econ. World, Oct. 22, 1921.

CABELL, H. *The automobile insurance situation.* Econ. World, Oct. 15, 1921.

LEAL, J. R. *Is a reliable sickness experience table necessary in personal health and accident insurance?* Econ. World, Nov. 12, 1921. Pp. 2. Seven eighths of the companies doing business have compiled no data which are essential. Can be compiled on the plan used by the life investigations.

MOWBRAY, A. H. *Competition and regulation of rates for casualty insurance.* Econ. World, Nov. 26, 1921. Pp. 2. Unrestricted competition increases costs and rates and tends to unfair discrimination. Experts should work out standards to guide official regulation.

DE NOUVION, G. *Les assurances sociales obligatoires.* Journ. des. Econ., Oct. 15, 1921. Pp. 16. Bill introduced in French Parliament, March 22, 1921. Provisions of bill, history of social insurance in Germany, and views of the mutual aid societies are given. Author concludes that bill is not wanted by the wage-earners and that it will bring financial embarrassment.

- PREUS, J. A. C. *A government experiment vs. life insurance principles*. Econ. World, Dec. 17, 1921. Pp. 5. The North Dakota experiments are socialistic; life insurance is based on coöperation and is the only sound plan for solving the economic problems of the Northwest.
- WINTER, W. D. *Legitimate and illegitimate uses of marine insurance*. Econ. World, Nov. 12, 1921. Reprinted from the Nov., 1921, issue of *Credit Monthly*.
- WOODWARD, J. H. *Industrial retirement system based on the money-purchase principle*. Econ. World, Dec. 3, 10, 1921. Pp. 4, 2. Basis of pension, types of benefits, age at retirement, costs, contributory and non-contributory plans, carriers and legal status of insured.
- WORLEY, A. *Insurance: its origins and its relation to commerce*. Econ. World, Nov. 19, 1921. Pp. 5. Evolution from earliest times to the present.
- The favorable mortality experience of American life insurance companies in 1921*. Econ. World, Dec. 10, 1921.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- BOWERS, P. E. *The necessity for sterilization*. Journ. Delinquency, Sept., 1921. An unusually strong argument in favor of the sterilization of defectives. Hereditary defectiveness is responsible for so many of our social ills that some method of preventing reproduction must be devised. Sterilization is not considered a predatory measure, but one of the best methods of treatment which society has at her command for the improvement of the human race.
- NORTHCOTT, C. H. *Unemployment relief in Great Britain*. Pol. Sci. Quart., Sept., 1921. The principal measure designed to reduce unemployment in Great Britain was the Unemployment Insurance act passed in 1920. This act extends the benefits to nearly all the trades and also increases contributions beyond those allowed in the act of 1911. The long continued period of unemployment has, however, made it difficult to carry out the act. Among other proposed measures were schemes for the building of roads and plans for the development of parks and public works. An attempt was also made to place ex-service men in the building trades, but this measure has been temporarily abandoned.
- RICHMOND, W. *An industrial institute survey*. Journ. Delinquency, Sept., 1921. This is a survey of the Wyoming Industrial Institute, a school for delinquent boys. The writer reaches conclusions similar to those obtained in other studies of institutions. He finds that two thirds of the children are below average intelligence, that 15 per cent are definitely feeble-minded and 21 per cent are border-line cases. Only 10 per cent out of the total number were regarded as promising material.
- SMITH, D. S. *Adoption of children in New Zealand*. Journ. Comp. Legis. and Intern. Law, third series, vol. III, part IV. Consists largely of an analysis of the adoption laws in New Zealand and of the historical steps leading up to the present laws. The adopted child is now given the status of a child born in lawful wedlock to the adopting parents. The value of the law is evident from the fact that in 95 per cent of the cases handled the proceedings applied to illegitimate children.
- ZEUTHEN, F. *Fremtidens Forsørgelsesvæsen*. Nationalök. Tids., 4, 1921. Pp. 26. A constructive criticism of a recently published Danish government report looking toward improvements in charity and relief administration and theory.

Socialism and Co-operative Enterprises

- NEUMANN, A. *Die Entwicklung der sozialistischen Frauenbewegung*. Schmollers Jahrb., 3 Heft, 45 Jahrg., 1921.
- ONEAL, J. *The socialists. Their strength*. Forum, Aug., 1921.
- RENARD, G. *La question sociale: élargissons le socialisme*. Scientia, Dec., 1921. Pp. 5.
- RIGGS, E. G. *The socialists. Their weakness*. Forum, Aug., 1921.
- SCHUMPETER, J. *Sozialistische Möglichkeiten von heute*. Archiv. f. Sozialwis. u. Sozialpolitik, 2 Heft, 48 Bd., 1921. Pp. 55.

Statistics

(Abstracts by Horace Secrét)

- ANTONELLI, E. *Une enquête régionale sur le coût de la vie*. Rev. d'Econ. Pol., Sept.-Oct., 1921.
- BACHI, R. *Numeri indici dei prezzi delle merci nel commercio all'ingrosso in Italia nel mese di giugno 1921*. L'Economista, July 24, 1921. Pp. 6. Index numbers of wholesale prices in Italy, given as arithmetic means, compared with those for previous months. Similar current studies are presented in subsequent issues of *L'Economista*.
- . *Sulla rilevazione statistica del movimento dei forestieri*. Giorn. d. Econ., Aug., 1921. Pp. 13. The statistical determination of the extent of the tourist movement in Italy.
- BARNETT, G. E. *A critique of cost-of-living studies*. Quart. Pub. Am. Stat. Assoc., Sept., 1921.
- BELCHER, R. R. *Estimates of the population of the United States for intercensal years*. Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 4. "An analysis of available statistics on births, deaths, immigration, and emigration during the period from 1910 to 1920 has been found to provide a fairly satisfactory basis for estimating the population growth for the intervening years. The purpose of this paper is to present the results of that analysis and to suggest a method which can be applied to the estimation of growth during the period prior to the taking of the 1930 census."
- BERTELSEN, A. *Some statistics on the native population of Greenland*. Metron, Sept., 1921. Pp. 5.
- BEVERIDGE, W. H. *Weather and harvest cycles*. Econ. Journ., Dec., 1921. Pp. 24. A further analysis of the relation of weather and harvest cycles, based upon yearly fluctuation of wheat prices in Western and Central Europe from 1500 to 1869. Concludes in part as follows: "the yield of harvest in Western and Central Europe from the middle of the sixteenth to the opening of the twentieth century has been subject to a periodic influence or combination of such influence tending to produce bad harvests at intervals of about 15.3 years, the first epoch falling in 1556. This proposition is about as certain as harmonic analysis can make it."
- BOWLEY, A. L. *The labour report on the cost of living*. Econ. Journ., Sept., 1921.
- BRADFORD, E. S. *Methods used in measuring unemployment*. Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 12. A review of methods of measuring unemployment and an estimate of the amount at the close of 1921.

- BURNET, A. R. *Trade associations and business statistics*. Administration, Dec., 1921. Pp. 17.
- CARVER, H. C. *The mathematical representation of frequency distributions*. Quart. Pub. Am. Stat. Assoc., Sept., 1921.
- CLOUGH, H. W. *Note on methods for indicating and measuring correlation, with examples*. Mo. Weather Rev., Sept., 1921. Pp. 2. "Indicates methods for securing approximate values of r (Pearsonian correlation coefficient) with less labor of computation, also other methods of measuring both correlation and dispersion or scatter of data, and the analytical relations between them on the basis of a very large number of observations."
- COPELAND, M. T. *The readjustment of operating expenses*. Rev. Econ. Stat., Oct., 1921. Pp. 5. A review of the data from the Harvard and the Northwestern University Bureaus of Business Research on the operating expenses in retail shoe, grocery, hardware, jewelry, and clothing stores.
- CRUM, W. L. *A measure of dispersion for ordered series*. Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 7. Calls attention "to the inadequacy of the standard deviation for the study of the dispersion of a statistical series the terms of which are ordered relative to a given variable," examines "certain considerations bearing upon the dispersion in such series," and "sets up tentatively a new measure particularly applicable to ordered series."
- DAVIS, R. M. *Electrical statistics as a barometer of industrial activity*. Quart. Pub. Am. Stat. Assoc., Sept., 1921.
- DELEEuw, A. L. *Applying "moving average" charts to industry*. Manag. Engg., Dec., 1921. Pp. 6.
- DEWING, A. S. *A statistical test of the success of consolidations*. Quart. Journ. Econ., Nov., 1921. Pp. 18. This study of data concerning thirty-five industrial combinations (chosen in conformity with six conditions) indicates that the first year earnings after consolidation were less than the earnings of the separate plants before consolidation, and that earnings gradually diminished until they were no more than during the first year of consolidation.
- DOUGLAS, P. H. *An examination of the wage statistics of the National Industrial Conference Board*. Quart. Pub. Am. Stat. Assoc., Sept., 1921.
- FAULKNER, R. P. *Uses and perils of business graphics*. Administration, Jan., 1922. Pp. 5. Points out some of the simpler limitations of graphs and warns against their sole or major use in statistical studies.
- FISHER, R. A. *On the "probable error" of a coefficient of correlation deduced from a small sample*. Metron, Sept., 1921. Pp. 30.
- GEORGE, E. E. *Details of index number construction and comparison of indices*. Engg. and Contracting, Nov. 9, 1921. Pp. 8.
- GIUSTI, U. *Methods of recording retail prices and measuring the cost of living in Italy*. Intern. Labor Rev., Nov., 1921. Pp. 18. The subject is divided into: (a) the collection of prices; (b) methods of calculating index numbers; (c) methods by which wages may be adjusted to variations in the cost of living; and, finally, (d) criticisms and conclusions.
- GOLDENWEISER, E. A. *The effect on the reserve ratios of changes in reserves and in liabilities*. Quart. Pub. Am. Stat. Assoc., Sept., 1921.

- HUBBARD, J. B. *The Aberthaw index of building costs.* Rev. Econ. Stat., Oct., 1921. Pp. 3.
- HUNTINGTON, E. V. *A new method of apportionment of representatives.* Quart. Pub. Am. Stat. Assoc., Sept., 1921. Pp. 12.
- HURLIN, R. G. *Three decades of employment fluctuation.* Annalist, Oct. 24, 1921.
- KELLEY, T. L. *Certain properties of index numbers.* Quart. Pub. Am. Stat. Assoc., Sept., 1921. Pp. 15. A mathematical analysis whereby index numbers are considered in relation to the correlation between their constituent items.
- MANGOLD, F. *Zur Frage einer schweizerischen Ernährungsindexziffer.* Zeitsch. f. Schweizerische Statistik u. Volkswirtsch., 2 Heft, 27 Jahrg.
- MANN, L. B. *A national index of retail trade.* Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 2.
- MARCH, I. *Les modes de mesure du mouvement général des prix.* Metron, Sept., 1921. Pp. 35.
- MEEKER, R. *On the best form of index number.* Quart. Pub. Am. Stat. Assoc., Sept., 1921.
- MEERWARTH, R. *Über die Bedeutung der Teuerungsziffern.* Schmollers Jahrb., 3 Heft, 45 Jahrg., 1921.
- MENZLER, F. A. A. *The census of 1921. Some remarks on tabulation.* Journ. Inst. Actuaries, Apr., 1921. Pp. 43. A discussion of the census of 1921, with special reference to the tabulation of items of interest to the actuarial profession, together with a description of the tabulation of the 1911 census.
- MITCHELL, W. *How you can use "the business cycle."* System, Dec., 1921. Pp. 2. Stresses the necessity for the business man to study his own business in the light of known factors of the business cycle.
- MOORE, H. L. *The origin of the eight-year generating cycle.* Quart. Journ. Econ., Nov., 1921. An attempt is made to place the cause of the eight-year generating cycle.
- MERLOVE, S. H. *The time element in labor turnover computation.* Journ. Pol. Econ., Dec., 1921. Pp. 5.
- NEWCOMBER, M. *Physical development of Vassar College students.* Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 7. Purpose of study is to determine whether women are becoming larger; based on data covering Vassar College women and extends over 37 years.
- NEWSHOLME, A. *The better use of vital statistics in public health administration.* Quart. Pub. Am. Stat. Assoc., Sept., 1921. Pp. 11. Sketches the difficulties of securing in the United States accurate vital statistics. Concludes among other things that "vital statistics can have no higher value than that of the individual death certificates on which they are based; that no conjuring with classifications will render indefinite and dubious data other than they are."
- OWENS, F. W. *On the apportionment of representatives.* Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 11. Reviews various methods of apportioning representatives already suggested and used and proposes another, based on the theory of least squares.
- PERSONS, W. M. and COYLE, E. S. *A commodity price index of business cycles.* Rev. Econ. Stat., Nov., 1921. Pp. 18. Purpose is to construct an index of whole-

sale prices to secure an index of business cycles. Uses a geometric mean of 10 commodities "varied in nature, important in industry, unusually sensitive in price, not greatly affected by the seasons, and similar with respect to their main cyclical price movements."

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- . *The iron and steel industry during business cycles*. Rev. Econ. Stat., Dec., 1921. Pp. 5. Brings together the significant material showing the fluctuations of the iron and steel industry during periods of business prosperity and depression.
- POGUE, J. E. *A price index of oil stocks*. Quart. Pub. Am. Stat. Assoc., Dec., 1921. Pp. 5. Concludes that "the geometric mean of fixed-base relatives" is a "satisfactory type of index number for the price of oil shares."
- SNYDER, C. *Barometers of production*. Bull. Taylor Soc., Oct., 1921.
- SYDENSTRICKER, E. and KING, W. I. *The measurement of the relative economic status of families*. Quart. Pub. Am. Stat. Assoc., Sept., 1921. Pp. 16. An explanation of Drs. King's and Sydenstricker's method of rating families in terms of "fammain's" and of some of its applications.
- TOMLINSON, M. C. W. *The influence of weather on coal consumption*. Manag. Engg., Dec., 1921. Pp. 6.
- WICKSELL, S. D. *An exact formula for spurious correlation*. Metron, Sept., 1921. Pp. 8.
- YULE, G. U. *On the time correlation problem, with especial reference to the variate-difference correlation method*. Journ. Royal Stat. Soc., July, 1921.
- Fluctuations in retail prices and in the cost of living*. Intern. Lab. Rev., Oct., 1921. Pp. 12. A comprehensive account of the cost of living in Central and Eastern Europe.
- Labour committee on the cost of living: criticisms of Ministry of Labour Statistics*. Lab. Gaz. (London), Sept., 1921. An answer by the Ministry of Labour to the "Criticism of the Ministry of Labour's Retail Prices Index Number" issued by the Joint Committee appointed by the Trades Union Congress, the Labour party, and the Coöperative Union and other organizations to investigate the cost of living.
- New index numbers of wholesale prices*. Intern. Lab. Rev., Oct., 1921. Pp. 23. A comprehensive account of the index numbers of wholesale prices in the United Kingdom, Italy, Germany, Switzerland, Sweden, Norway, and Denmark.
- Price and wage indices—their composition and characteristics*. Engg. and Contracting, Oct. 26, 1921. Pp. 3.
- Wholesale prices in various countries*. Intern. Lab. Rev., Oct., 1921. Pp. 12.

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

REPORT OF FEDERAL TRADE COMMISSION ON SHOE AND LEATHER COSTS AND PRICES. This report was prepared in pursuance to a resolution of the House of Representatives, directing the Commission "to inquire into the increase in the price of shoes; to ascertain the cause and necessity for the increase; to ascertain the manufacturers' cost price and selling price and the retailers' cost price and selling price for the years 1918 and 1919."¹ In complying with this resolution it was deemed necessary by the Commission to include the hide and tanning industries, as well as the shoe industry. The inquiry, therefore, covered much of the ground included in a similar report submitted in August, 1919.²

During 1919 the prices of shoes, leather and hides increased more than in any year of the war period. In 1920 this rapid rise was followed by a corresponding decline in the prices of hides, a less rapid and less extensive fall in the prices of leather and a still smaller decline in the retail prices of shoes. The upward movement of prices began immediately after the relinquishment of government control of hide prices in January, 1919, culminating in the case of hides and leather in the late summer and early fall of 1919, and in the case of shoes in the spring of 1920.

During the period of increasing prices, costs were also rising. Wages, supplies, and general expenses increased at every stage of production and distribution. The most important feature, however, was the increase in the cost of materials, namely, hides and skins for the tanning industry and leather for the shoe industry. The short supply of material, coupled with an extremely active demand, resulted in a more rapid rise in prices at each stage of production than in costs, thus allowing large profits for tanners, shoe manufacturers, wholesalers and retailers.

The conclusions reached in the inquiry, as summed up by the Commission, are that the high prices of shoes in 1918 and the great increase in 1919 appear to have been the effect of abnormal conditions of demand and supply arising from the war, which were both economic and psychological. Large margins of profit were taken by tanners, shoe manufacturers, wholesalers, jobbers, and retailers. The advance in shoe prices was terminated by the "buyers' strike" in the spring of 1920. The failure of leather prices and shoe prices to decline as extensively as did hide prices after the "buyers' strike" is attributed to two factors, (1) that other costs had not declined as much as had raw material, and (2) that there was an apparent tendency to base selling prices on replacement costs—a policy inconsistent with that applied in 1919 when prices were advancing. With reference to the first it may be further pointed out that the "other costs" formed a relatively

¹House Resolution, 217, 66 Cong., 1 Sess.

²*Report on the Leather and Shoe Industries.*

more important part in total costs as the stage of production advanced than did raw material costs.

It is unfortunate that the year 1920 could not have been included in the Congressional resolution and was, therefore, only partially covered in the report. The prices of shoes kept on advancing several months after hides and leather prices had ceased to increase. The "buyers' strike" of 1920 halted the advance in shoe prices, but hides and leather prices were being affected by other conditions whose further analysis would have been instructive.

One interesting feature of the report is the influence of style on prices. Multiplicity of styles and changes in style operate against the best interests of manufacturers, distributors and consumers alike. Added costs for leather suitable for particular styles, for labor and overhead accumulate, bearing heavily upon both producers and consumers.

ABRAHAM BERGLUND.

From the United States Tariff Commission have been received:

Fifth Annual Report, 1921 (Washington, 1922, pp. 101).

Tariff Information Series, No. 24, *Production Costs in the Lithopone Industry, First Six Months of 1921* (1921, pp. 12).

Tariff Information Surveys on *Steel* (pp. 125); *Musical Instruments and Phonographs* (pp. 32); *Asbestos* (pp. 56); *Fur Hats, Bonnets, or Hoods* (pp. 29); *Hair and Manufactures of Hair* (pp. 29); *Furs and Fur Goods* (pp. 43); *Feathers, Artificial Flowers, and Millinery Ornaments* (pp. 27); *Toys and Games* (pp. 31); *Cork* (pp. 23); *Bristles and Brushes* (pp. 58); *Brooms and Broom Corn* (pp. 19); *Straw Hats* (pp. 50); *Beads, Jewelry, and Precious and Semi-Precious Stones* (pp. 69); *Iron Ore, Pig Iron, and Scrap* (pp. 103); *Machinery, I and II*, (pp. 164, 95); *Pens and Penholders* (pp. 21); *Watches and Clocks* (pp. 59); *Lead* (pp. 63); *Antimony* (pp. 76); *Aluminum, Magnesium, Calcium, Barium, Sodium, and Potassium* (pp. 80); *Anvils, Blacksmiths' Hammers, Nippers, and Pliers* (pp. 23); *Quicksilver* (pp. 30); *The Zinc Industry* (pp. 82); *Ores of Ferro-Alloys* (pp. 96); *Logs, Timber, Lumber, and Other Wood Products* (pp. 118); *Miscellaneous I* (pp. 67).

The *Annual Report of the Federal Trade Commission for 1921* (Washington, pp. 174) contains a summary of proceedings pending and disposed of (pp. 98-174). The Commission has also issued *Milk and Milk Products, 1914-1918* (Washington, June, 1921, pp. 234).

Hearings before the Senate Committee on Agriculture and Forestry on the *Farmers' Export Financing Corporation*, held in June, 1921, have been received (Washington, 1921, pp. 134); also *Agricultural Inquiry*, hearings before the Joint Commission of Agricultural Inquiry (67 Cong., 1 Sess.), held June 15, 1921, part 5 (pp. 68).

The United States Department of Agriculture has recently issued the following bulletins:

- No. 963, *Cost of Producing Sugar Beets in Utah and Idaho, 1918-1919*, by L. A. Moorehouse, and S. B. Nuckols (Washington, Sept. 17, 1921, pp. 41).
- No. 982, *Market Statistics*, by C. J. West and L. B. Flohr (June, 1921, pp. 279).
- No. 987, *Handbook of Foreign Agricultural Statistics*, by F. Andrews (Nov. 9, 1921, pp. 69).

The federal Department of Commerce has issued Special Agents Series, No. 210, *Switzerland: A Commercial and Industrial Handbook*, by H. L. Groves (Washington, pp. 128).

A preliminary summary of *Mineral Resources of the United States in 1920* has been prepared by the United States Geological Survey (Washington, July, 1921, pp. 123); also, reprints from the *Mineral Resources of the United States (1919) on Cement in 1919* (pp. 387-404); *Copper in 1919* (pp. 537-614); *Iron Ore, Pig Iron and Steel in 1919* (pp. 621-652).

The Board of Engineers for Rivers and Harbors, War Department, has begun the publication of a *Port Series*. Number 1 relates to the port of Portland, Maine.

The Master Builders Association of Boston has issued an interesting chart on *Modern Industrial Conditions and Tendencies*, prepared by Mr. F. A. Wilson, Nahant, Mass.

The Mechanics and Metals National Bank of New York has prepared a pamphlet on the *Shipping Board and Our Merchant Marine* (New York, pp. 35).

The Shepperson Publishing Company, Inc., has issued *Cotton Facts*, edition of November, 1921 (New York, pp. 180). This contains data on crops, receipts, stocks, exports, imports, prices, consumption, and manufacturing output.

There has been received from the U. S. Grain Growers, Inc., a pamphlet on the *Grain Marketing Plan of the Committee of Seventeen*. The plan is designed to stabilize market prices, eliminate speculation and manipulation and furnish credit to farmers (59 East Madison St., Chicago, pp. 56).

The Dominion Bureau of Statistics of Canada has published *Dairy Factories 1920* (Ottawa, 1921, pp. 65) and *Fisheries Statistics, 1920* (pp. 128).

Corporations

The Interstate Commerce Commission has prepared a new edition of the *Interstate Commerce Act and Related Sections of Other Acts*, revised to August 1, 1921 (Washington, pp. 298).

Hearings before the Senate Committee on Interstate Commerce (67 Cong., 1 Sess.) upon matters relating to *Revenues and Expenses of Railroads* have appeared in three volumes. Vol. I contains the hearings from May 10 to June 1, 1921; vol. II, from June 2 to July 1; and vol. III, October 13 and 15, and November 25 to December 3 (Washington, pp. 1596). Vol. III contains charts, prepared by Mr. Frank J. Warne.

The National Association of Owners of Railroad Securities has printed in a separate pamphlet the statement of the Hon. Edgar E. Clark before the Committee, (Nov. 19, 1921; Baltimore, pp. 29); also the statement of S. Davies Warfield before the Committee (Dec. 17, 1921, pp. 18).

The Thirty-fifth Annual Report of the Interstate Commerce Commission was published under date of December 1, 1921 (Washington, pp. 226).

The Corporate Securities Act of California, providing for the regulation and supervision of companies, brokers and agents, and sales of securities, has been reprinted as a separate by the State Corporation Department (Sacramento, Calif., pp. 16).

The Department of Transportation and Communication, Chamber of Commerce of the United States, has printed *The Railroad Question before Congress as Viewed from Various Standpoints: II, Testimony of Railroad Security Owners* (Washington, pp. 32).

The eighteenth issue of *Railway Statistics of the United States of America for 1920, and Recent Statistics for Foreign Railways*, has been prepared by the Bureau of Railway News and Statistics under the direction of Slason Thompson (Chicago, pp. 147).

The following state reports have been received:

Annual Report of the Department of Public Utilities of Massachusetts for year ending Nov. 30, 1920, two vols. (pp. 430, 550).

Reports of the Board of Public Utility Commissioners of the State of New Jersey, vol. VIII, March 16, 1920 to December 21, 1920 (Trenton, 1921, pp. 630).

Eleventh Annual Report of the Board of Public Utility Commissioners of New Jersey, for 1920 (Trenton, 1921, pp. 121).

Ninth Annual Report of the Public Utilities Commission of Rhode Island, for 1920 (Providence, 1921, pp. 120).

Labor

The United States Department of Labor has issued in the series of bulletins of the Bureau of Labor Statistics:

No. 286, *Union Scale of Wages and Hours of Labor, May 15, 1920* (Washington, 1921, pp. 280).

No. 288, *Wages and Hours of Labor in Cotton-Goods Manufacturing, 1920* (Sept., 1921, pp. 125).

No. 289, *Wages and Hours of Labor in Woollen and Worsted Goods Manufacturing, 1920* (Sept., 1921, pp. 87).

No. 299, *Personnel Research Agencies, a Guide to Organized Research in Employment Management, Industrial Relations Training, and Working Conditions*, by J. D. Thompson (Nov., 1921, pp. 207).

The Women's Bureau of the federal Department of Labor has issued:

No. 16, *State Laws Affecting Working Women, 1921* (pp. 49) with charts and exhibits of minimum wage legislation and maps of the United States illustrating legal working hours for women, night work laws for women, minimum wage laws, and mothers' pension laws.

No. 18, *Health Problems of Women in Industry* (1921, pp. 9).

No. 19, *Iowa Women in Industry* (1922, pp. 73).

The following state reports dealing with labor have been received:

Fourth Biennial Report of the Bureau of Labor and Statistics of Arkansas, 1919-1920 (Little Rock, 1921, pp. 138).

Fourth Report of the Industrial Commission of Colorado, for 1920 (Denver, pp. 126).

Twenty-ninth Report of the Bureau of Labor Statistics of Connecticut for the two Years ending November 30, 1920 (Hartford, 1921, pp. 86).

Thirty-fifth Annual Report of the Bureau of Labor and Industry of Kansas, 1920 (Topeka, 1921, pp. 67).

Twenty-ninth Annual Report of the Maryland State Board of Labor and Statistics, 1920 (Baltimore, 1921, pp. 429).

Twenty-fourth Annual Report of the Bureau of Labor and Industrial Statistics of Virginia, 1921 (Richmond, pp. 139).

Third Biennial Report of the Commissioner of Labor of Nevada, 1919-1920 (Carson City, 1921, pp. 122).

Labour Legislation in Canada as Existing December 31, 1920 (Ottawa, Dept. of Labour, 1921, pp. 844).

General Report of the Minister of Public Works and Labour of the Province of Quebec (Quebec, 1921, pp. 173).

The Library of the United States Department of Labor has prepared a *Supplementary List of References of the Kansas Court of Industrial Relations* (pp. 5).

The Metropolitan Life Insurance Company has prepared a number of neostyled pamphlets on: *The Training of Foremen; Factory Floor Space and Storage Facilities in the United States and Canada; Industrial Lighting Lay Outs; Foundry Practices to Increase Safety; Employees' Incentive or Bonus Plans; Employees' Thrift and Savings Plans; Use of Psychological Tests in the Selection of Office Employees; Rating of Foremen; Absenteeism and Tardiness; Company and Coöperative Stores; Cost of Living in New York City; A "Shut Down" Vacation Plan; Conducting a Safety Campaign; Fire Drills; Experience with the Five Day Week based upon a Questionnaire sent to Forty Manufacturing Concerns.*

Money, Prices, Credit, and Banking

The third edition of the pamphlet on *Commercial Banking Practice under the Federal Reserve Act* has been published by the National Bank of Commerce, New York, revised to October, 1921 (pp. 178).

The statement of Mr. H. N. Lawrie, of the American Mining Congress, before the House Committee on Banking and Currency on bill H. R. 8404, *To Investigate the Foreign Exchange Problem for the Purpose of Determining the Means that may best be Employed for the Stabilizing of Exchange*, in a hearing held October 8, 1921, has been printed (pp. 51).

Hearings before the Subcommittee of the House Committee on Banking and Currency on *Rural Credit and Multiple Insurance* contains the state-

ments of Mr. R. C. Milliken, of the National Society of Record Associations, and Mr. W. J. Spillman, editor of the *Farm Journal* (Washington, 1921, pp. 66).

The *Fourth Annual Report of the War Finance Corporation, for the Year ending November 30, 1921*, gives a summary of recent work of the corporation with a reprint of the act and amendments.

The Stable Money League in December, 1921, issued the first leaflet of a series which it hopes to continue (New York, 2 Rector Street).

A letter from the *Postmaster General*, published as H. D. 133 (167 Cong., 2 Sess.) on the *Operation of the Postal Savings System* gives the latest statistics in regard to postal savings funds.

A reprint has been published by the American Institute of Mining and Metallurgical Engineers (29 West 39th Street, New York City) of an article by Cornelius F. Kelly, president of the Anaconda Copper Mining Company, entitled *The Position of Silver under the Pittman Act*.

The following banking reports and documents have been received:

The Bank Act of the State of California as Amended 1921 (Sacramento, State Banking Dept., pp. 187).

Second Annual Report of the State Bank Commissioner of Delaware, 1920 (Dover, pp. 79).

Twenty-second Annual Report of the Kansas Building and Loan Associations for 1920 (Topeka, Kansas Bank Commissioner, 1921, pp. 106).

Annual Report of the Commissioner of Banks of Massachusetts for the Year ending October 30, 1920. Part I, Relating to Savings Banks, Institutions for Savings, Trust Companies and Foreign Banking Corporations, Pub. Doc. 8 (Boston, Dept. of Banking and Insurance, 1921, pp. lxiv, 702).

A series of pamphlets published by the Commissioner of Banks of Massachusetts, containing the statutes of the Commonwealth of Massachusetts corrected to June 1, 1921, relating to *Deposits with Others than Banks* (Boston, Office of the Commissioner of Banks, pp. 34); *Credit Unions* (pp. 37); *Coöperative Banks* (pp. 47); *Trust Companies* (pp. 48); *Savings Banks and Institutions for Savings* (pp. 56).

Thirteenth Biennial Report of the State Bank Commissioner of Missouri (Jefferson City, 1921, pp. li, 540).

Annual Report of the Board of Bank Commissioners of New Hampshire for the Year ending August 31, 1920 (Concord, 1920, pp. 434).

Annual Report of the Commissioner of Banking and Insurance, New Jersey, Relative to Savings Banks, Trust Companies and State Banks of Discount and Deposit, 1920 (Trenton, 1921, pp. xii, 41).

Public Finance

A revised and corrected compilation of hearings on *Internal-Revenue Revision* before the House Committee on Ways and Means, together with certain portions of the proceedings of the Committee in executive session held in July, 1921, has been published (Washington, pp. 475).

The Senate Committee on Finance has printed the *Supplemental Briefs*

which were submitted at the first session of the Sixty-seventh Congress on the proposed Revenue act of 1921 (Washington, pp. 46).

A Résumé of the Laws under which Loans were made to Foreign Governments during and since the War has been published as H. D. 86 (67 Cong., 2 Sess.) under date of December 6, 1921 (Washington, pp. 388).

The Equitable Trust Company of New York has published the complete text of the *Revenue Act of 1921* (New York, pp. 243).

The American Producers of Cuban Sugar has issued several circulars relating to the taxation of sugar (New York, 123 Front Street).

The International Chamber of Commerce (33 Rue Jean Goujon, Paris) has published several pamphlets relating to international finance, as follows: Digest No. 1, *Fixing Germany's War Debt*; No. 2, *The Payment of the German Indemnity, The Wiesbaden Agreement*; No. 4, *European Problems from an American Standpoint*.

The following state documents relating to taxes have been received:

Information Relative to the Assessment and Collection of Taxes in Connecticut, 1921 (Hartford, Tax Commission, pp. 22).

Assessors' Manual, Including Assessment Laws with Questions and Answers Relating Thereto, issued by the Minnesota Tax Commission (St. Paul, 1921, pp. 115).

Third Biennial Report of the State Tax Commission of New Mexico, 1918-1920 (Santa Fe, 1921, pp. 162).

Thirty-first Annual Report of the New York Tax Reform Association, 1921, briefly summarizing recent tax legislation and discussing the taxation of banks and moneyed capital and also some of the defects of the income tax.

NOTES

The following names have been added to the membership of the **AMERICAN ECONOMIC ASSOCIATION** since the first of August:

Adams, J. P., Brown University, Providence, R. I.
 Armstrong, G. S., 60 Martense St., Brooklyn, N. Y.
 Baird, R. A., Northwestern Bell Telephone Co., Omaha, Neb.
 Baker, F. S., 1313 S. Wichita St., Wichita, Kans.
 Bean, D. P., 5750 Ellis Avenue, Chicago, Ill.
 Beckman, T. M., Ohio State University, Columbus, O.
 Bennett, W. W., Graduate College, Princeton, N. J.
 Benton, A. H., Manitoba Agricultural College, Winnipeg, Manitoba, Can.
 Berman, E., University of Illinois, Urbana, Ill.
 Bloor, W. F., Goodyear Tire & Rubber Co., Akron, O.
 Boyce, W. S., Rolla, Mo.
 Breyer, R. F., University of Pennsylvania, Philadelphia, Pa.
 Buck, R. M., 629 N. Waller Ave., Chicago, Ill.
 Burton, E. R., Brown University, Providence, R. I.
 Cahon, P. D., 219 East Liberty St., Ann Arbor, Mich.
 Chamberlin, E. H., 532 Thompson St., Ann Arbor, Mich.
 Clark, L. E., Ohio State University, Columbus, O.
 Cooper, L. W., Lake Forest College, Lake Forest, Ill.
 Copeland, M. A., 230 Linden Ave., Ithaca, N. Y.
 Cover, J. H., 435 West 119th St., New York City.
 Crockatt, P. C., University of Oregon, Eugene, Oregon.
 Crum, W. L., 38 Yale Station, New Haven, Conn.
 Derry, G. H., 206 Rosa Road, Schenectady, N. Y.
 Eliot, W. G., 3d, 25 Divinity Hall, Cambridge, Mass.
 Evans, G. E., 197 Watson Blvd., Pittsburgh, Pa.
 Feis, H., University of Kansas, Lawrence, Kans.
 Finlay, S. W., 548 Orange St., New Haven, Conn.
 Forster, G. W., 3436 Mt. Pleasant St., N. W., Washington, D. C.
 Foth, H. J., 416 Davis St., Kalamazoo, Mich.
 French, C. E., Johns Hopkins University, Homewood, Baltimore, Md.
 Hará, K., Gotenyama, Shinagawa, Tokyo, Japan.
 Hauff, E. G., 2530 N. Eighth St., Philadelphia, Pa.
 Hauslein, J., Yale Station, New Haven, Conn.
 Heiner, M. K., University of Chicago, Chicago, Ill.
 Hermann, C. C., 504 East John St., Champaign, Ill.
 Hijakata, S., Ichibancho, Kojimachi-ku, Tokyo, Japan.
 Holtzclaw, H. F., A. & M. College, Stillwater, Okla.
 Hoyt, H., Chapel Hill, N. C.
 Hsiao, C., 110 Hitt St., Columbia, Mo.
 Hudson, W. M., 613 E. Anderson St., Greencastle, Ind.
 Hunt, B. C., Dalhousie University, Halifax, N. S.
 Jepson, L. M., 3131 Broadway, New York City.
 Jones, M., University of Pittsburgh, Pittsburgh, Pa.
 Jordan, F. F., 84 East Randolph St., Chicago, Ill.
 Kawashima, K., 323 West 108th St., New York City.
 Lavadia, P. C., Pagsanjan, Laguna, P. I.
 Levin, S. M., 4423 Brush St., Detroit, Mich.
 Long, T. G., 811 Edison Ave., Detroit, Mich.
 Lucas, A. F., Box 311, Princetown, N. J.
 Malinsky, W., 11 Harvard St., Malden, Mass.
 Mayer, J., 10 East 39th St., New York City.
 Meyers, R. A., 1017 Farmington Ave., West Hartford, Conn.
 Mitchell, B., Johns Hopkins University, Baltimore, Md.
 Mussey, H. R., 2021 Klinge Road, Washington, D. C.
 Nuffort, W., 900 South 16th St., Newark, N. J.
 Ramsperger, H. G., 400 Allaire Ave., Leonia, N. J.
 Richter, F. E., 81 Twenty-eighth St., Elmhurst, L. I., N. Y.
 Robb, T. B., University of Missouri, Columbia, Mo.
 Russell, C. J., 1000 Chestnut St., Philadelphia, Pa.
 Sidlo, T. L., 1807 Union National Bank Bldg., Cleveland, O.

Smith, R. R., The Macmillan Company, 66 Fifth Avenue, New York City.
Southworth, S. D., 146 Graduate College, Princeton, N. J.
Staples, F. S., 192 Knapp St., Milwaukee, Wis.
Stewart, B. M., 112 Argyle Road, Ottawa, Ontario, Can.
Stimson, E. S., Ohio State University, Columbus, O.
Taylor, O. F., 15 Canonbury Road, Jamaica, L. I., N. Y.
Tead, O., 370 Fifth Ave., McGraw-Hill Co., New York City.
Thomas, R., State Teachers College, Springfield, Mo.
Todd, A. J., 415 S. Franklin St., Chicago, Ill.
Uriburn, E., Corrientes 343, Buenos Aires, Argentina.
Vickers, L., 10 East 39th Street, New York City.
Walters, R. G., Grove City College, Grove City, Pa.
Wanlass, W. L., Agricultural College, Logan, Utah.
Whitney, E. L., College of William and Mary, Williamsburg, Va.
Wickware, F. G., D. Appleton & Co., New York City.
Young, E. J., Madison, Wis.

A new HANDBOOK of the American Economic Association will be published in 1922, possibly as a supplement to the June *Review*. The Secretary asks that all changes of address be reported to him promptly, in order that the list of members may be as complete and accurate as possible.

At the annual meeting of the American Economic Association, the executive committee voted that the *Articles of Organization of the University Center for Research in Washington* be printed in the AMERICAN ECONOMIC REVIEW. The articles read as follows:

The undersigned hereby associate themselves for the establishment and conduct of an organization to be known as the University Center for Research in Washington.

The purpose of the University Center for Research in Washington shall be to promote and facilitate research in archives, libraries and other collections located in the District of Columbia, on the part of students in the graduate departments of American and foreign universities and of others.

The control of the University Center shall be in the Board of Research Advisers.

The Board of Research Advisers shall in the first instance consist of the signatories of this association. It shall hereafter consist of at least fifteen residents of the District of Columbia, and shall have power to add to its numbers, to fill vacancies in its membership, and to name Associate Research Advisers to assist in the performance of its functions.

The Board of Research Advisers shall meet at least once a year in the District of Columbia. It shall choose annually a presiding officer who shall be known as President.

The Board of Research Advisers shall be organized in a Committee of Management, and Technical Divisions, of which the following are now established: Division of History. Division of Political Science. Division of International Law and Diplomacy. Division of Economics. Division of Statistics.

The Committee of Management shall include representatives of the National Research Council and of the American Council of Learned Societies and at least three members appointed by the American Council on Education and shall constitute a committee of the latter body. It shall choose its own chairman.

Each technical division shall be presided over by a chairman who shall be chosen annually by the members of the Division.

The functions of the Committee of Management shall be to correspond with university authorities respecting students who come to Washington to work under the auspices of the University Center, to formulate the regulations under which students may be admitted to work under such auspices, to register such students, to assign them to the appropriate technical divisions, and to furnish to the university authorities such reports on their work as may be required.

The functions of the technical divisions shall be to advise such students as may be assigned to them, to facilitate their access to the material which the nature of their work may require, and to furnish reports on their work to the Committee of Management. The technical divisions shall also facilitate the researches of other investigators.

The Board shall prepare an annual report which shall be presented to the American Council on Education, the National Research Council, the American Council of Learned Societies, and to such organizations and institutions as may be determined.

The foregoing articles may be amended from time to time by a majority vote of the full Board.

(SIGNED) L. S. ROWE, JAMES BROWN SCOTT, FRANCIS WALKER, JULIUS KLEIN, WINTHROP M. DANIELS, HERBERT PUTNAM, JOSEPH A. HILL, H. BARRETT LEARNED, PAUL S. REINSCH, BALTHASAR H. MEYER, GAILLARD HUNT, CHAS. CHENEY HYDE, WALDO G. LELAND, S. P. CAPEN, W. F. WILLOUGHBY, CHARLES MOORE, RICHARD A. RICE, J. F. JAMESON, GEORGE F. ZOOK.

The Food Research Institute offers for 1922-1923 four fellowships with stipends of \$600 to \$1200. The holders are to devote at least half time to research under direction of the Institute, and the balance to work in related departments of Stanford University. Applications are due by May 1. Full information is obtainable from the Institute, Stanford University, California.

Students of the classical political economy will rejoice to learn that the long missing and much desired manuscript of David Ricardo's "Notes on Malthus" has been recovered, and that through the fine courtesy of Frank Ricardo, Esq., of Bure Homage, Christchurch—a great-grandson of the economist—this work is about to be made accessible in convenient reprint. Written in the autumn of 1820 as a commentary upon Malthus' *Principles of Political Economy*, the "Notes" were designed by Ricardo as an appendix to the third edition of his own *Principles*, then preparing. The counsel of James Hill that Ricardo should avoid giving his treatise too controversial a character, however, prevailed: the manuscript, after having been read by Mill, Malthus, McCulloch, and Trower, was withheld from publication, and the commentary—tantalizing references to which are present in Ricardo's correspondence and in McCulloch's prefatory memoir to the *Works*—has remained an important desideratum in the study of the Ricardian economics. The "Notes" consist of 412 folios, estimated by

Ricardo as likely to "occupy about 150 pages if printed." The whole will be issued with convenient student apparatus during the coming year by the Johns Hopkins Press, under the editorial care of Professor J. H. Hollander, of the Johns Hopkins University, and T. E. Gregory, D. Sc., of the London School of Economics.

At the annual meeting of the American Statistical Association, held December 29, 1921, W. S. Rossiter was elected president, and L. I. Dublin, E. W. Kemmerer, and M. C. Rorty, vice presidents.

The *Official Report* of the eighth National Foreign Trade Convention, held at Cleveland, May 4-7, 1921, contains addresses relating to foreign trade education by J. A. de Haas and W. S. Tower (pp. 47-68; O. K. Davis, Secretary, National Foreign Trade Council, New York City).

At the fifteenth annual meeting of the American Association for Labor Legislation, T. L. Chadbourne was elected president.

The Economic Journal for December notes that the Laveleye prize for 1921 has been awarded to Dr. Alfred Marshall. This is a quinquennial prize "bestowed on some distinguished publicist for having made important progress in political economy and social science."

The Hart Schaffner & Marx prizes for 1921 have been awarded as follows:

Class A, first prize \$1000 to Miss Hazel Kyrk for a study entitled "A theory of consumption"; second prize \$500 to Charles S. Morgan for a study entitled "The regulation and management of public utilities"; honorable mention to Miss Mollie Ray Carroll for a study entitled "The attitude of the American Federation of Labor toward legislation and politics."

Class B, first prize \$300 to Paul T. Nutting, Oberlin College, for a study on "Public problems of bituminous coal"; second prize \$200 to William J. Schultz, Columbia University, for a study on "Six years of inflation, 1914-1920"; honorable mention to Harry Nadell, Harvard University, for a study on "Conditions of employment in the United States Postal Service."

The November issue of the *Journal of Political Economy* contains several articles on business training, as follows: "Corporation training schools for college men," by W. A. Rawles; "Coördination of instruction in collegiate schools of business with corporation training courses," by J. T. Madden, R. C. McCrea, and W. R. Gray; and "The corporation school and its place in a scheme of business education," by L. S. Lyon.

The American Council on Education announces the appointment of a commission to conduct an investigation of educational finance in the United States. Dr. George D. Strayer, of Columbia University, has been selected as chairman of the commission and director of the work of its inquiry. The other members of the commission are as follows: Samuel P. Capen, Ellwood P. Cubberley, Edward C. Elliott, Thomas E. Finegan, Robert M. Haig, Victor Morawetz, and Henry C. Morrison.

The September number of *The Economic Journal* contains a description of the economic curricula at Oxford and Cambridge (pp. 400-406).

Bulletin no. 48, 1921, of the federal Bureau of Education is entitled "Business Training and Commercial Education," by Glen L. Swiggett (pp. 17).

The American Library Association has prepared a brief list of books on *Thrift* (78 East Washington St., Chicago).

The Department of Agriculture has begun a new weekly publication entitled *Weather, Crops and Markets*. This supersedes the three bulletins previously published, *Weather Reporter*, *Monthly Crop Reporter*, and *Market Reporter*.

The American Express Company, Travel Department, announces a foreign trade tour to Europe, June 8 to August 12, in charge of J. Anton de Haas, of New York University, and Harry R. Tosdal, of the Graduate School of Business Administration, Harvard University.

Indiana University will shortly begin work on the construction of a \$250,000 building for the School of Commerce and Finance.

Appointments and Resignations

Mr. Edmund Brown, Jr., formerly an examiner in the Economic Division of the Federal Trade Commission, now has charge of the School of Business Administration at the University of Richmond.

Dr. Alexander E. Cance, head of the department of agricultural economics at the Massachusetts Agricultural College, is on leave of absence in order to organize the research work of the federal Bureau of Markets. His efforts will be confined chiefly to the great body of valuable material which has already been collected by agents of that bureau and which has not yet been published or made available in any form for general use. Dr. Cance also served as a member of President Harding's Conference on Agriculture, which convened on January 23.

Miss Irene Sylvester Chubb is now the Washington representative of the American Association for Labor Legislation.

Dr. John L. Coulter assumed the position of president of the North Dakota Agricultural College at the beginning of the college year.

Mr. Clyde J. Crobaugh has been appointed assistant professor of economics at Indiana University.

Professor Ira B. Cross, of the University of California, is away on sabbatical leave this year, preparing certain manuscripts for publication.

Mr. William S. Culbertson has been designated by President Harding as vice-chairman of the United States Tariff Commission for the year beginning January 15, 1922. Mr. Culbertson has been a member of the Commission since its organization in 1916.

Professor F. A. Fetter will teach next summer at Northwestern University, giving graduate courses on the history of economic thought and on problems of distribution.

Mr. Harold H. Keefe, of the loss department of Chubb & Son, has been

appointed lecturer in marine losses in the Wall Street Division of New York University.

Professor E. W. Kemmerer, of Princeton University, sailed for Rio de Janeiro February 2. He will proceed from Brazil to Argentina, and during the summer will visit in turn all the countries on the west coast of South America, making a special study of questions of currency and banking.

Professor William Leslie, of the University of California, has for the past month been in Washington, D. C., as a member of a special committee appointed by the United States Shipping Board to investigate marine insurance.

Mr. Samuel McClintock has joined the Bureau of Foreign and Domestic Commerce of the federal Department of Commerce. The reorganization and expansion of the Bureau under the direction of Mr. Hoover and Dr. Klein offer scope for the publishing of material of the Bureau through Commerce Reports, handbooks and special treatises, not heretofore available.

Dr. Robert J. McFall is giving the courses of Professor Cance at Massachusetts Agricultural College during the absence of the latter.

Professor John T. Madden, formerly head of the department of accounting, has been appointed assistant dean in the School of Commerce Accounts and Finance, New York University.

Mr. Thomas O. Marvin has been designated by President Harding to be chairman of the United States Tariff Commission for the year beginning January 15, 1922. Mr. Marvin has been a member of the Commission since March, 1921.

Mr. Mark C. Mills has been appointed an instructor in economics at Indiana University.

Mr. Robert Hargrove Montgomery has been appointed instructor in economics at the University of Kansas.

Professor Emery E. Olson, assistant director of the College of Commerce and Business Administration of the University of Southern California, has been granted a leave of absence for the second semester, for the purpose of pursuing advanced graduate studies at the University of Wisconsin.

Dr. Thomas Walker Page, whose term as chairman of the United States Tariff Commission expired last January, has been succeeded by Mr. Thomas O. Marvin. Dr. Page for the present will continue his connection with the Commission.

Mr. Gordon C. Poole, credit manager of the E. I. du Pont de Nemours Export Company, has been appointed special lecturer in foreign financing in the Wall Street Division of New York University.

Dr. Howard H. Preston, associate professor of business administration, University of Washington, has been granted leave of absence for the winter and spring quarters, in order to accept a temporary appointment as lecturer in economics at the University of California, during the absence of Professor Cross.

Professor Arthur H. Rosenkampff, formerly assistant in the department of accounting at New York University, is now head of the department.

Mr. William A. Russell has been made acting instructor in money and banking at the University of Washington.

Miss Helen G. Sternau is a recent addition to the staff of the American Association for Labor Legislation.

Miss Ruth Ware, of the University of California, is a new member of the research staff of the American Association for Labor Legislation.

Mr. Shelley D. Watts has been appointed assistant professor in the department of economics and sociology at Indiana University.

Dr. John H. Williams has been appointed economist of the Economic Policy Commission of the American Bankers Association. Dr. Williams will retain his position in Harvard University as assistant professor of economics.

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GUILD SOCIALISM: A TWO YEARS' TEST

The time has come when the recent guild projects and performances in England may be viewed with some perspective. Within a few years a term belonging to the town economy of the middle ages has come into current use to indicate a projected industrial order. The movement for national guilds has produced an extensive literature, won the serious consideration of the trade unions and the Labor party, caught the attention of the daily press, and gained recognition from the government itself.

The persuasive volumes of the guild writers have followed one another from the press in quick succession, but they give little account of actual accomplishments. At the very moment when the first building guilds were taking shape in England, the theoretical guildsmen were distracted by discussions of the proper guild interpretation of events in Russia. The trade unionist converts were captured by the vision of a new day and many of them preferred to look far ahead to its dawning rather than to discuss precise administrative arrangements.

Nevertheless a new coöperative effort in production has been on trial for the last two years. Its impetus came in part from outside the circle of guild writers. New currents have long been stirring in the trade union world. From the vantage point of a freshly entrenched position labor put forth new claims at the close of the war. Instead of aiming merely for the right of collective bargaining, the leaders boldly declared that there was no successful course for labor which did not include *a share in the management of industry*. The majority of the labor leaders in England and America went no further. In both countries temperament, disposition, and the tradition of political democracy opposed violent and revolutionary methods. The programs of the miners, the railway men, and the postal and telegraph clerks in England indicated the change.

The guildsmen proposed an even wider departure from the established order and advocated placing upon the workers the entire responsibility for production. They looked forward to establishing national organizations of workers which would include technical and administrative experts. These associations, or guilds, were to be distinguished from

trade unions by the fact that their chief concern was not the safeguarding of the standard of life of their members, but the entire control and management of industry.

Practical experimentation was begun in England in January, 1920, with the organization of a building guild in Manchester. The movement spread rapidly within the industry, and at the close of 1921 more than 100 building guild committees were at work, guild dwelling houses had been completed and opened, and affiliated industries were adopting the guild type of organization. Furniture guilds followed the building guilds in Manchester and London; packing-case, vehicle and tailoring guilds appeared; agricultural and horticultural guilds were organized; and initial steps were taken in the engineering trades and in the postal service.

The experience of the two years has given to much of the prolonged earlier discussions merely an academic interest. The projects have been on a relatively small scale and have been carried on, not "in conjunction with the state," as the early writers anticipated, but with unique government relationships. The experience should react upon guild theory and clarify it. Whether guilds prove to be successes or failures, the guild policies as they were first phrased by the theoretical guildsmen should be recast.

The first part of the present paper deals with the development of guild theory through its literature and its propaganda organization, the National Guilds League. The second part contains a summary of the work of the building guilds, which have now¹ completed the first two years of their history.

The Development of Guild Theory from 1906 through 1921

The English guild movement is an exception to the rule that an economic experiment is usually well under way before a mass of theoretical literature develops. Eight years of discussion of the nature and function of the guild state preceded the organization of the first active guild.² Volume after volume by self-styled "guildsmen" found a ready market. The voracity of the reading public for this form of literature is not difficult to explain, in spite of the fact that much of the material shows signs of hurried work and that the later volumes contain little which is new. The offer of a Utopia, upon this planet or any other, exercises a fascination which few can resist.

¹January, 1922. The other guilds noted have been organized for only a few months.

²Niles H. Carpenter, "The Literature of Guild Socialism," *Quarterly Journal of Economics*, August, 1920; Helen Reynard, "The Guild Socialists," *Economic Journal*, September, 1920.

The rise of guild theory in England is commonly dated from 1912, when S. G. Hobson contributed to the *New Age*, edited by A. R. Orage, a series of articles which have since appeared in the volume *National Guilds*.³ Mr. G. D. H. Cole attributes the earliest manifestation of the guild idea to Mr. Arthur J. Penty,⁴ who published a work on *The Restoration of the Gild System* in 1906, in which modern commercialism was criticized as inferior to the earlier guild methods of production. In the following year Mr. A. R. Orage, in an article in the *Contemporary Review*,⁵ made the suggestion that guild organization was indispensable for the future of industry. Mr. Orage was at that time an active member of the Fabian Society,⁶ which was advocating the form of organization which Mr. Penty derisively calls "state commercialism," and he seems not to have pushed the guild idea further until he undertook the publication of Mr. Hobson's articles in 1912.

Penty's volume on *The Restoration of the Gild System* is an exposition of the defects of the present industrial system and the contrasting beauties of craftsmanship. Penty, an architect by profession, was influenced by the workmanship of the middle ages as seen in architecture, and impressed by the conspicuous aesthetic failures of later periods. The first chapter of the book was devoted to a fiery attack on the whole modern economic structure. The division of labor was described as a "pernicious system" and universal trade as "harmful." The use of machinery involved a loss to society. "There are few things which machinery can do as well as hand labour, and so far as my personal knowledge extends, there is nothing it can do better." "In production. . . . the only net use of machinery to the community is that in certain heavy work it saves labour, which, considered from the point of view of the physique of the race, is of very questionable advantage; or that it reduces the cost of production. This again, however, is a doubtful advantage, since the increase of material possessions beyond a certain point is extremely undesirable."

Penty showed scant patience with the "collectivism" of the Fabians, which he classed as merely *state* commercialism. It was necessary to go back to the middle ages, he thought, to find the superior system.

³*National Guilds: An Enquiry into the Wage System and the Way Out*, edited by A. R. Orage. (London, G. Bell and Sons, 1914.) The volume in its most recent edition (1919) bears Mr. Hobson's name.

⁴Cole, *Chaos and Order in Industry*, p. 49.

⁵*Contemporary Review*, vol. XLI, no. 498 (June, 1907).

⁶A description of Mr. Orage's position at this time is given in Mr. Niles Carpenter's article, "The Literature of Guild Socialism," in the *Quarterly Journal of Economics*, vol. XXXIV, no. 4 (August, 1920), pp. 763-776.

⁷Penty, *op. cit.*, p. 19.

⁸*Ibid.*, p. 20.

Penty evidently considered himself a follower of Ruskin and Morris, and believed that he was simply carrying their ideas to a logical conclusion. Much of the evidence of the "marvelous and universal beauty" of the life of the middle ages must be taken on faith by the reader, for the historically-minded student finds the summary of the rules of the cloth weavers of Flanders (taken at second-hand by Penty) a slender basis upon which to reconstruct a civilization.

During the next six years little guild literature appeared. Penty's reading public was apparently unconvinced, or at least inactive. "Collectivism" and "social reform" had their day in England, almost undisputed. In other parts of the world new and more aggressive doctrines were penetrating the ranks of labor. England itself underwent a series of epoch-making strikes. By 1912 fertile ground was ready for the seeds of the new movement. Mr. G. D. H. Cole, then fellow at Oxford and leader of the Oxford group of Fabians, accepted the main tenets of the articles appearing in the *New Age* although he did not definitely call himself a guildsman until 1914.⁹ *The World of Labour*, published by Mr. Cole in 1913, contains studies of the labor movement in the principal industrial countries, and suggests that a kind of guild organization must be the solution of the problems discussed. Ultimately the unions are to have control of the industrial world. The state, the great organization of *consumers*, will in the end delegate this control to the union (the *producers*).

In 1914 Mr. Hobson's articles first appeared in collected form.¹⁰ The volume, *National Guilds*, contains a vigorous indictment of the wage system and of the British socialist movement, "an amazing compound of enthusiasm, and intellectual cowardice," which has committed itself to that system. The wage system is expected to go down with more or less of a crash, and the guild system to install itself almost automatically in its place. The guild is then to supplant the capitalist class, to assume the state's responsibility for its members, to direct industry, and to hold machinery and products in trust.

Mr. Cole meanwhile was making an unsuccessful attempt to instil guild ideas into the Fabian Society. Failing in this, he withdrew from the society and in 1915 organized the National Guilds League. In the same year he published *Labour in War Time*, which marked little advance from his earlier theoretical writing. In 1917, in *Self-Government in Industry*, Mr. Cole's detailed theory of guild socialism appeared. The true function of the state in a democratic community, according to Mr. Cole, is that of an association of "users" or "con-

⁹Cole, *Chaos and Order in Industry*, p. 52.

¹⁰*National Guilds*, edited by A. R. Orage (1914).

sumers."¹¹ Trade unions, on the other hand, represent associations of producers; they are co-sovereign with the state, and hence cannot be regarded as deriving their right to exist from the state.¹²

Men produce in common, and all sorts of association from the medieval guild to the modern trust and the modern trade union, spring from their need to coöperate in production: they use and enjoy in common, and out of their need for common action and protection in their use and enjoyment spring the long series of States, the various phases of coöperation, the increasing developments of local government.

Guild socialists postulate a double organization—the National Industrial Guild on the part of the producers, and the Municipal Council on the side of the consumers, with Parliament as the supreme territorial consumers' association. Neither Parliament nor the Guild Congress can ultimately claim to be sovereign. Where a single guild has a quarrel with Parliament, the final decision ought to rest with a body representative of all the organized consumers and all the organized producers.

The guild, according to Mr. Cole, is to grow out of the trade union, but improvements in organization must be brought about. The structure of trade unionism must become industrial, with the workshop as the unit. The reorganized trade union, that is, the guild, must assure to the worker the following things:¹³

1. Recognition and payment as a human being, and not merely as the mortal tenement of so much labour power for which an efficient demand exists.
2. Consequently, payment in employment and in unemployment, in sickness and in health alike.
3. Control of the organization of production in coöperation with his fellows.
4. A claim upon the product of his work, also exercised in coöperation with his fellows.

In demolishing the wage system, labor must obtain control first, of the *process of production*, and second, of the *product itself*. Capitalism must be made "socially functionless"; that is, labor must take over or destroy its functions of (1) investment, (2) buying, and (3) selling.

By 1917 Mr. Penty was ready with a fresh presentation of his "medievalist" guild theory. *Old Worlds for New*, published in that year, is in large part a restatement of his earlier position. In some ways, however, his original indignation against the modern commercial system has been modified, particularly with regard to the use of machinery. "We can isolate a small machine, because we can turn it off or on at will, as is the case with the sewing machine. *Such a*

¹¹Cole, *Self-Government in Industry*, pp. 80, 81.

¹²*Ibid.*, p. 81.

¹³*Ibid.*, p. 155.

machine can be used to reduce the amount of drudgery that is done," and enable us to pursue more interesting work. But when machinery is used on large scale it is different."¹⁶ But "every time a machine is invented to do useful and necessary work which hitherto was done by hand, it transfers a certain number of men from useful to useless occupations!"¹⁶ "The final test as to whether a man is a Collectivist or a Guildsman is to be found in his partiality for the Leisure or the Work State."¹⁷

The doctrines of the different schools of guildsmen were by this time becoming more clearly defined. Mr. Cole's later volumes, which succeeded one another with impressive rapidity,¹⁸ contain little of Penty's glorification of the medieval guilds, but they support his antipathies to the collectivists.

Cole looks toward the future and away from the past, but he looks through a haze of political philosophy which dims the outlines of things as they are and at times entirely obscures them from view. Of *Chaos and Order in Industry* he says, "This book is not an account of National Guilds, but an attempt to apply Guild socialist principles to the present economic situation,"¹⁹ but it proves to be almost wholly a discussion of *control* in various industries, with little analysis of the essential nature of that which is to be controlled. For example, the character of the workers (whether skilled or unskilled) in the various engineering and shipbuilding industries is regarded as determining the relative degree of ease with which guild organization may be effected, but the sources of raw materials, the purchase and use of machinery, and the disposition of the products of these industries, as compared with similar questions arising in other industries which may be brought under the guild form of organization, go unnoted! Even as Mr. Cole wrote these chapters, the building guilds of England, in the throes of their first experiment, were wrestling with the actual economic questions of production, with the theoretical aspects of organization ignored and forgotten.

Mr. Cole's failure to express the complexities of the economic life of today is one of the most conspicuous characteristics of his writing. Paradoxically, he seems more familiar with historical and economic

¹⁶Italics the writer's.

¹⁷Penty, *Old Worlds for New*, pp. 83, 84.

¹⁸*Ibid.*, p. 91.

¹⁹*Ibid.*, p. 175.

²⁰*Trade Unionism on the Railways* (1917); *An Introduction to Trade Unionism* (1918); *The Payment of Wages* (1918); *Labor in the Commonwealth* (1919); *Social Theory* (1920); *Chaos and Order in Industry* (1920); *Guild Socialism Restated* (1920).

²¹Cole, *Chaos and Order in Industry*, p. 60.

literature than Mr. Penty or Mr. Hobson, but the material at his command is unutilized. He is by temperament a political and philosophical writer. The tides of domestic and foreign trade and exchange, the complications of modern manufacturing processes, the forces underlying consumption never touch him. In fact, it is production that is a matter of "economics," while consumption is a matter of "politics"! The state, as the supreme organization of consumers, and the guild, as the supreme organization of producers, must divide the powers vertically, not horizontally. That is, the old separation of legislation and administration must go. "A balance of power is essential if individual freedom is preserved; but no balance is possible unless it follows the natural division of powers in the Society of today. Politics and economics afford the only possible line of division, and between them the power of legislation and administration can only be divided on the basis of function."²⁰

In a lecture delivered to members of the Fabian Society and others late in 1919,²¹ Mr. Cole dwelt on credit and taxation under guild production. At the same time that the guilds provide for a way of dividing national income with approximate economic equality and fairness, they must provide for the making and accumulation of fresh capital, so that the national production from year to year will be divided into two parts, one of which is directed towards satisfying the immediate needs of the population, and the other of which goes toward replenishing the capital fund and making future production possible. Mr. Cole stated that under the guilds "saving becomes a business for the community as a whole, and not for the separate individuals in the community." In such a system it becomes the business of those who budget for the community to decide on the distribution of a certain sum to the members of the community and to reserve the remainder for future productive development.

These generalizations as to the function of saving in the community and the means by which it is to be accomplished contain a superficial resemblance to credit proposals which were shortly to attract attention from guildsmen and others; as a matter of fact, Mr. Cole proved to be out of sympathy with a credit system which was not co-extensive with the guild itself, and the resemblance is only apparent.

In the same lecture Mr. Cole suggested the methods of taxation under the guilds. The guild system was to provide the easiest possible basis for taxation, for it would facilitate taxation at the source for the various industries or guilds. Incidentally, the method would provide a useful way of remedying any inequality which might remain

²⁰Cole, *Self-Government in Industry*, p. 99.

²¹Cole, *Guild Socialism*, Fabian Tract no. 192, March, 1920, p. 15.

between the various guilds after the community had fixed the prices of their respective products.

In 1920 Mr. Hobson, the chief exponent of a now more clearly defined branch of guild theory, restated his position in *National Guilds and the State*. Mr. Hobson's theoretical differences with Mr. Cole and his followers are less striking than Mr. Cole's separation from the historical school as represented by Mr. Penty. Mr. Hobson's chief argument with Mr. Cole concerns the nature of the state. While Mr. Cole would have the state, as the organization of consumers, paralleled by the guild, as the organization of producers, with a joint council to coördinate the two, Mr. Hobson sees the state as supreme, but having the industrial guilds as the most important group of organizations to which power is delegated. The other powers delegated by the state, those of administration or government, of the judiciary, and of the army and navy, are of minor importance. "I want National Guilds to be absolutely masters in their own house and within their defined function—a function upon which they would naturally agree with the State, from which they obtain their charter. In plain terms, the producers shall be masters of production—a principle essential to good craftsmanship."²

The second and larger part of the volume contains a survey of the factors of transition from the capitalist to the guild state. Like Mr. Cole, Mr. Hobson believes the workshop to be the unit of labor organization of the future. Even as he wrote, Mr. Hobson believed that he saw "a strong blast of new ideas" sweep through the workshop, driving the half-awakened workers from the partial control already obtained to complete exclusive control of production. In the end a transfer of capital must be arranged by the state. Apparently "legal compensation" of the original possessors of property would be considered out of the question, but the "principle of consideration" would be applied to those who would otherwise suffer through dispossession. In the process the whole conception of capital value would vanish and the "real value" of the time and effort involved in the creation of a substitute for the property under consideration would become the measure of its worth, according to the author.³

Meanwhile the historical or medievalist school of guildsmen, for a considerable time represented in guild literature by Penty alone, was developing another exponent, Mr. G. R. Stirling Taylor. *The Guild State*, published in 1919, rivals Penty's *Restoration of the Guild System* in its reverential allusions to the middle ages. The author continually pleads for "facing the facts" of the older society. "Whether

²Hobson, *National Guilds and the State*, p. 126.

³*Ibid.*, p. 288.

we like its beauty and sanity or not, the Medieval Age in its main features had a symmetry of order which very clearly distinguishes it from the social order, or disorder, that governs us today."²⁴ It is particularly important to remember, according to Mr. Taylor, that government in the middle ages was purely local. "The people who talk in terms of great National Guilds have missed the whole essence of the creed."²⁵ A very slight state structure may suffice, in his opinion, to support the guild organs, although the possibility that the structure may be a substantial one is not denied.

In Mr. Taylor's opinion the transition to the guild state is to be a peaceful one. "Only the illiterate still believe in the Revolution as a mode of social advance."²⁶ The guilds will compete with one another, but competition will be "sane." Power and wealth will be democratically distributed, but *equality* of reward will not necessarily be a part of the system.

Mr. Taylor's irritation with the present society as compared with the middle ages is perhaps best expressed in the concluding chapter:²⁷ "We are offered unmitigated nonsense for something that at least had romance and beauty and an unaffected common-sense. . . . When men say that they are talking sense when they are flying in the face of all the facts, then it is time to show a little dignity."

A new prophet of economic reform appeared in 1919 to bring confusion into guild doctrines. *Economic Democracy* (1919) and *Credit Power and Democracy* (1920), the work of Major C. H. Douglas, an English engineer who had been engaged on aircraft construction during the war, contain proposals for the vesting of credit control in the community rather than in the hands of the financiers. Major Douglas holds that such a transfer of industrial control as the guildsmen advocate would not bring about real democracy in industry; for present control is not actually exercised by the entrepreneurs, but by the financiers who advance the funds for the carrying on of industry. It is in this field that effective reform must come. Two types of cost enter into the production of every article: payments to individuals as wages, salaries, and dividends—payments which go out to the community as purchasing power—and payments for intermediate instruments (raw materials, bank charges, and similar expenses)—payments which go to the financiers. The purchasing power of the community is therefore less than the amount necessary to purchase the product. Having described the situation in this way, Major Douglas suggests the

²⁴Taylor, *The Guild State*, p. 21.

²⁵*Ibid.*, p. 85.

²⁶*Ibid.*, p. 96.

²⁷*Ibid.*, p. 152.

remedy: the community, which is the source of credit, should control it. The difference between the "just price" of a commodity (the exact equivalent of the purchasing power distributed in the course of its production) and the "economic price" should be made up to the manufacturers by the public, and commodities should be exchanged at exactly their "just prices." The establishment of labor banks in the various industries would give the real control of credit to the community. The basis of credit in these banks should be labor power. The weekly wages and salaries distributed in any industry should be paid into its labor bank, which should finance future capital expenditures jointly with the proprietors, in the ratio of wages and salaries to dividends.

These proposals for a change in the credit system, with the suggestion of labor banks like those proposed for the building guilds, attracted the serious attention of guildsmen from the time of their first appearance in a series of articles in the *New Age*. A committee consisting of A. E. Baker, A. J. Penty, M. B. Reckitt, W. G. Taylor, and Emily Townshend at once presented a preliminary summarizing report to the executive committee of the National Guilds League.²⁸ The majority of the guildsmen seemed to approach the subject under compulsion, with reluctance and distaste. In fact, the analysis of the present and potential financial structure of economic life had been airily ignored in the bulk of guild literature. One of the members of the committee, Mr. Reckitt, commented rather bitterly on the indifference of his fellow-guildsmen:²⁹

There seems to be a curious impression abroad, in Guild circles, that while it is essentially practical (as of course it is) to talk about the workshop, it is purely visionary and unreal to examine, or even call attention to, the existence of the Stock Exchange and the banks. Yet in my view it is unpractical to discuss workshop problems while remaining oblivious to, or at least silent upon, the whole financial apparatus of existing society. . . .

At the special conference of the National Guilds League in December, 1920, the report of the committee was presented and the credit proposals were again talked over. Mr. Penty characteristically opposed a prolonged discussion of the subject, thinking that "there was a danger in dwelling exclusively on subjects like Currency, which were a mere reflection of reality; people who reasoned too much on Credit went mad."³⁰ Mr. Hobson challenged Douglas' assumptions of antagonism between financiers and industrialists. Mr. Ewer attacked the credit scheme on the ground that it implied a continuance of rent, interest, and profits. Mr. Baker's defense of the Douglas credit

²⁸"Credit Enquiry," *The Guildsman*, no. 45 (September, 1920), pp. 8-10.

²⁹Letter to *The Guildsman*, no. 48 (December, 1920), p. 11.

³⁰*The Guildsman*, no. 49 (January, 1921), p. 5.

proposals was almost without effect, and the report favoring the credit scheme was rejected by a large majority.

In February, 1921, Mr. Cole presented a wholesale condemnation of Major Douglas' proposals.¹ In a review of *Credit Power and Democracy* the scheme is pronounced "unworkable practically, unsound economically, and undesirable morally." The plan is held to be unworkable practically because it implies enlisting the services of the state in a program hostile to capitalism; unsound economically, because it confers upon the possessing class a vast mortgage upon the productive power of the workers; and undesirable morally, because it destroys the moral basis of the socialist case by recognizing the *right* to interest on the part of the present holders of capital. Finally, Mr. Cole spurns Major Douglas as a guildsman:

Indeed, the truth is out. Major Douglas is in no sense a Guildsman. He is simply a distributivist, and one who believes that control should rest with the consumer, exercising power through the expert, and not with the producers in a self-governing industrial democracy. "Economic democracy," in the Douglas sense, is the direct opposite of the industrial democracy of Guild Socialism.

Mr. Hobson, more receptive to discussions of the financial structure of society, possibly on account of the practical aspects of the Manchester building guild projects, calls the early articles in the *New Age* "an important adventure in theory" and implies that the credit proposals are the *only* important adventure of that kind which has been undertaken since 1912.² On the whole Major Douglas is to be regarded as a near-ally of the Hobson-Orage school of guildsman, although the credit proposals represent a new branch of guild theory.

A work which is not easily classified as that of any one of the three schools of guildsmen is Reckitt and Bechhofer's *Meaning of National Guilds*, which appeared in 1918 and in revised form in 1920. The authors are clearly adherents of the "national guilds idea," however, rather than of the medievalist guild theory. In the midst of the theoretical and abstract discussion with which the guild movement has been surrounded, the book stands out, especially in the form of its second edition, as almost alone in its historical account of guild operations up to the date of writing and in its analysis of related industrial problems of the day. The nature of the state, that mainstay of guild doctrine, appears to interest the writers very little. The possibilities of control which exist in the present labor movement occupy the greater part of the discussion. The keynote of the

¹Cole, (Review) "Credit Power," *The Guildsman*, no. 50 (February, 1921), pp. 9-10.

²Hobson, *National Guilds and the State*, preface, p. xiii.

workers' struggle towards the guilds must be the maxim "encroaching control," according to the authors.³³ This encroaching control will atrophy the power of capitalism and expel its authority. "The capitalists will have their industrial functions stripped from them until they become no better than parasites upon industry—to be knocked off at last as easily, it may be, as a rotten apple from a bough."³⁴ The later edition of the volume gives a simple and clear analysis of the Douglas credit proposals, with a sympathetic viewpoint which foreshadows the later work of Mr. Reckitt on the committee of the National Guilds League.

In 1921 Mr. Penty returned to the attack upon industrialism in his short volume on *Guilds, Trade and Agriculture*. Always a consistent medievalist, he subordinates questions of control and government of guilds to the maintenance of an industrial system based on "just price." The frenzied search for wider markets should cease and attention should be turned to a great revival in agriculture. The Douglas credit scheme is called a "mere re-shuffling of the cards" in an emergency which demands a fundamental upheaval.

A reviewer and critic of guild literature at the present juncture is in danger of underestimating or overestimating its importance, at one and the same time. Mr. Penty and Mr. Cole are undeniably right in their claim that "collectivism" has failed to satisfy the longings and ambitions of the British workman of today. A body of theory which has a chance of winning their approval and guiding their efforts is not to be lightly dismissed. It may be that the guild idea can enter where collectivism has failed and win a new loyalty. On the other hand, guild literature is so surfeited with theory, theory based upon a knowledge of the sum total of economic society which is far from profound, that it is almost uniformly pale and shadowy—a sufferer from chronic malnutrition. In the words of a critic who would have been a sympathetic reader if his thorough scholarship had not found itself unsatisfied, "it has that fine contempt of ugly, little facts which Huxley explained to be vital to a general hypothesis." The reader finds in the end that the lack of "present-mindedness" is due not so much to ignorance as to a profound distaste for the type of thorough, painstaking, intellectual endeavor which happens to be represented in England by those arch-bogeys of guildsmen, the Webbs; and according to his temperament, he is the less or the more tolerant of the shortcomings of the literature on that account.

With all their obvious and pervasive inadequacies, the volumes of guild theory represent the ambitious and single-minded efforts of men

³³Reckitt and Bechhofer, *Meaning of National Guilds* (1920), p. 168.

³⁴*Ibid.*, p. 173.

who dream of a better and happier social order, and as such they deserve a permanent place in the history of social movements.

The Work of Propaganda and the National Guilds League

The guild writers were not slow to recognize the fact that if the doctrines of guild socialism were to be reflected in a reorganization of industrial society, a constituency to support them must be built up as rapidly as possible. They saw that it would be necessary to engage in active propaganda work for the purpose of making their program widely known and understood. The particular necessity was that of converting the rank and file of the labor movement, which was favorably disposed towards "collectivism" or "state socialism" at the time when the guild movement had its inception.

Mr. Orage and Mr. Hobson were in fact setting to work seriously upon this task when they collaborated in 1908 in the series of articles which appeared in the *New Age*. In the words of Mr. G. D. H. Cole, these articles "gave the National Guilds movement a definite shape, and made it for the first time a practical and constructive force."¹ Mr. Cole himself is actually responsible for much of the organized propaganda which eventually gained a wide hearing for the guilds. In 1914 he began a series of articles with Mr. W. Mellor, in the London *Daily Herald*, the aim of which was "to popularize Guild propaganda and bring it into the fullest possible relation with the everyday work of the trade union movement."² Mr. Cole realized that the appeal of the guild idea had remained almost purely intellectual, and that the bulk of the labor movement remained unaffected and even unaware of the program. Guild theories had sifted into the Fabian Society, but had found favor only with the younger members. The growing unrest in the industrial world had helped to make the time ripe for a further development.

In spite of the outbreak of the war in the summer of 1914 the leaders of the movement believed that the guild idea had won interest and possible support, and that a step in advance could be taken. At a small conference held in December, 1914, a long statement was drawn up in which the theory of national guilds and the description of the necessary stages in their realization were formulated. A second conference was held at Oxford early in 1915, and it was decided that a permanent organization should be formed for the dissemination of guild ideas. At Easter, 1915, a third and larger conference was held

¹Cole, *Chaos and Order in Industry*, p. 49.

²*Ibid.*, p. 52.

in London, and an organization which was to become widely known as the National Guilds League was founded."

The constitution of the League states that its objects are "the abolition of the Wage System, and the establishment by the Workers of Self-Government in Industry through a democratic system of National Guilds working in conjunction with a democratic State." Its "methods" are "(a) Propaganda of Guild Socialism by Means of Lectures, Meetings, and Publications," and "(b) Enquiry into Subjects Connected with National Guilds." Membership was opened to all who accepted the rules of the League.

In pursuance of the objects which its founders set before themselves in 1915, the League has published a large number of pamphlets on various subjects connected with guilds and has reprinted others which bear upon guild matters. Since 1917 it has published a monthly organ, *The Guild Socialist* (formerly *The Guildsman*), of which Mr. G. D. H. Cole and Margaret Cole have been the editors since 1920. It has provided for series of lectures by a variety of speakers, not all of whom have been guildsmen. "Guild groups" have been set up in various parts of the country, to act as centers for the further dissemination of guild ideas.

Mr. Hobson, writing with a perspective on the work of the National Guilds League obtained through his connection with the practical operations of the Manchester Building Guild, prophesied that the growth of the guild movement would be in a manner independent of the development of the theoretical bases of guild socialism through such agencies as the League." "National Guilds can never be realized save by economic action and by industrial associations. Primarily, it is the Trade Unions who must constitute the driving force. The National Guilds League, therefore, with the Guild writers, must content themselves with the development and dissemination of ideas. . . . Truth to tell, most of us, whose names are associated with National Guilds propaganda, are undeniably of middle-class origin."

Recognizing itself as the proper instrument for the formulation of new guild policies, the National Guilds League has been confronted with the necessity of defining its stand upon four questions, none of which loomed large at the time of the early development of guild theory: (1) By what administrative arrangements were agricultural operations to be carried on in the guild state? (2) What rôle belonged to professional associations? (3) What relation with the coöperative movement should the guilds assume? (4) What significance had the soviet system for the development of the guild state? Substantial

*Cole, *Chaos and Order in Industry*, p. 52.

**Hobson, *National Guilds and the State* (1920), preface, p. vi.

agreement was attained for the first two questions. The third proved controversial and the fourth was the rock upon which guild organization almost foundered.

The agricultural situation was brought before the annual conference of the National Guilds League in 1920 in the form of a resolution of the executive committee, which asked that it be instructed to prepare a pamphlet defining the League's principles. These principles were stated as public ownership of all land, direct management of all large farms by an agricultural guild, and the extension of the powers of coöperative organizations which were eventually to be fused with the agricultural guild. At that time the League lacked an agricultural constituency and the proceeding was wholly academic in character. In 1921 two agricultural guilds were organized. The New Town Agricultural Guild at Welwyn, in Hertfordshire, was created for the development of a rural zone around the garden city at Welwyn. The organization was on a small scale and up to the close of 1921 no opportunity had been given for the application of the larger principles of the National Guilds League. The second agricultural guild is known as the Lea Valley Co-operative Nursery. It is run on self-government principles by the workers themselves, and distributes no profits.

The question of guild organization among professional groups was disposed of at the 1920 conference by the passage of the following resolution with only one dissenting vote:

That this conference regards the organization of technical, professional, supervisory, and administrative workers on Trade Union lines as being an essential and urgent step on the road to Guild Socialism and regrets the attitude of mutual suspicion which retards the recognition of the common economic interests of all workers.

That, while this conference welcomes the recent developments in the organization of professional workers, it is convinced that a complete fusion into a single organization of workers of all grades is necessary for the revolutionary object of establishing Guild Socialism.

The plans of the building guilds were already showing up the direct importance of the participation of technicians and other professionals in their schemes. It will be seen later that the sympathetic attitude of the architects was a factor of real value in their inauguration.

The following resolution, framed by the executive committee, brought the subject of coöperation before the Conference:

This Conference, holding that a closer alliance between Coöperation and Trade Unionism is urgently required, and can be secured only on the basis of a realised community of policy and ideals, decides to work for such an alliance on the following lines:

- (a) An emphatic dissociation of the Coöperative Movement from capi-

talistic methods and an enlightened and democratic attitude on the part of Coöperators toward their employees.

(b) The recognition of the Coöperative Movement as capable of developing into a desirable form of Consumers' representation in a Guild Society in regard to those Industries and Services which are principally engaged in producing and distributing commodities intended for personal or domestic use.

(c) The recognition of the Coöperative Movement as the social representative of the consumers in relation to those industries and services, and as therefore destined to form an integral part of the structure of Guild Society.

(d) The recognition of Guild organization as no less applicable to the industries owned by the Coöperative Movement than to others.

(e) The advocacy of the fullest extension of industrial self-government to the workers in the Coöperative Movement, with a view to the control of the industries and services concerned by the workers in conjunction with the Coöperative Movement.

(f) The promotion of the fullest possible arrangements for mutual assistance by the two Movements in bringing about the overthrow of Capitalism and the establishment of a Guild Society.

The support of this resolution by the Conference fails to indicate the real diversity of aim between the coöperative movement and the national guilds. Possibly it was because the Co-operative Wholesale Society was just on the point of coming forward with the financial assistance which made possible the first operations of the building guilds that the existing differences did not stand out as sharply as usual in the minds of the members. A careful reading of the resolution however shows important reservations. The discussion did bring out a protest on behalf of the Manchester group "on the ground that the resolution dealt too leniently with the serious shortcomings of the Coöperative Movement as it now exists." The amendment embodying this objection was later withdrawn, however, "on the understanding that the points raised in the course of the discussion would receive full consideration in the preparation of a detailed scheme."

The fourth question upon which the National Guilds League found it necessary to define its position during the year 1920 was that of its attitude towards the bolshevik régime. Eventually the question made a sharp division in the ranks of guildsmen in the same way in which it brought about a split in organized labor. It became clear in the meeting of the League in May, 1920, that there was among guildsmen a distinct "left wing" with strong sympathy for soviet Russia. The members of this group prophesied early revolution at home, and welcomed the prospect of the upheaval on account of their belief that the coming of revolution would mean the advent of national guilds, even though "a considerable mess" in the way of a dictatorship of the proletariat, conscription of labor, and Taylorism were necessary as-

pects of the transition. The right wing, on the other hand, declared themselves to be "gradualists," insisting that the road to guilds lay through trade unions and professional associations. It would not be necessary to "overthrow capitalism" for capitalism was already tottering; but it was imperatively necessary to continue the educational propaganda of the guild movement and in this way to prepare for the guild state. They called the attention of the "lefts" to the newly established Communist party in England and maintained that their efforts belonged there rather than in the National Guilds League.

The cause of the prolonged discussion of the soviet system at this meeting was the presentation of three resolutions on "Soviets and Democracy." The first resolution, which was introduced by the executive committee and the London group, gave approval to the soviet system itself but contained reservations as to its applicability to Great Britain. It was passed by a close vote. The passage of this resolution was regarded as a hardwon victory for the "lefts" in the guild movement, but the votes on other matters showed that the newly evolving party lines among guildsmen had great flexibility.

The second resolution, introduced by the "rights" would have bound the conference of the League to reject the solution of the industrial struggle contained in the phrase "the dictatorship of the proletariat" on the ground that it is "not merely impracticable but essentially fatal to all the social values for which the League has always stood." The resolution was lost by a small majority, and the "lefts" were again in the ascendency.

The third resolution, known as the "democracy resolution" was introduced by the executive committee but passed in the form of an amendment framed by the Manchester group. The resolution as passed was an indictment of the parliamentary system but a qualified endorsement of political action for the purpose of hampering capitalism.

An even sharper conflict between right and left wings took place at a special conference held in London in December, 1920. After the committee appointed at the May conference had brought in its "Programme of Action," or "Soviet Report," and Mr. Cole had presented a "Policy Pamphlet," the six members of the right wing of the executive committee resigned. The conference showed its left-ward tendencies by an endorsement of the Programme of Action and by a refusal to endorse the Douglas credit scheme, which had come to be known as the "Orange-Douglas plan." In the annual conference held in March, 1921, the Policy Pamphlet was endorsed. The 1921 conference left the National Guilds League in a critical condition. Although a few of the right-wing members had been won back, several of the local guild

groups had been alienated, the membership had suffered, and the financial condition of the League had become so serious that it was necessary to put the organization on a voluntary basis.

At the close of 1921 the National Guilds League had failed to win back its former self-confidence. Writing in a recent issue of the *Labour Monthly*,³⁰ Mr. W. Mellor, a member of the League, states that "since 1917 Guild Socialism has been constantly and progressively waning in power." He attributes its difficulties to a policy of compromise.

The eyes of the National Guilds League are still fixed on what is going to happen the day after the revolution; how exactly it proposes to work for the revolution it has not made up its mind. It talks of soviets, but is careful to explain that soviets are probably not applicable to Great Britain. It has dropped its whole-hearted support of the state, but still clings to democratic institutions. . . . Guild Socialism, in so far as it has any standing at all, has answered the needs neither of the left nor of the center, though it has tried to placate both.

It would be a gross error to measure the success or failure of the guild movement in England by following solely the fortunes of the National Guilds League. The very existence of this League is unknown to some of the trade unions who have formed building guilds. Furthermore, the working guilds have no formal affiliation with the National Guilds League. Without minimizing the contributions which the League has made, it should be recognized that its membership is made up largely of the "intellectuals," not the wage-earners, and that its interest and influence have been felt only slightly outside the field of theory and propaganda.

The Housing Shortage and the Guilds' Opportunity

While guild theory was developing and while the National Guilds League was building up its affiliated groups, a guild movement of another kind was going on in the north of England. The contrast between the propaganda movement and the appeal made in a concrete form to the trade unionists in the north could hardly have been greater. The workingmen whose apathy and ignorance had discouraged the guildsmen who were in the midst of discussions of the nature of the guild state were easily enlisted when a working proposition was submitted.

A housing shortage, serious in Great Britain even before the war and alarming at its close, was the occasion of the rise of the new part of the guild movement. The hardships which had resulted from the

³⁰W. Mellor, "A Critique of Guild Socialism," *Labour Monthly*, November, 1921, pp. 397-404.

scarcity of houses were felt not only by the working people but by all classes, and housing was recognized as a national problem.

The government hastened to meet the situation with desperate remedies which brought no adequate relief. Since the business of house building had become so unprofitable that the master builders had ceased to undertake it and had gone over to other types of construction work, the government tried the expedient of offering subsidies in an effort to bring builders back into the field. The subsidies ran as high as £260 per house for the individual builder. In order to afford relief to tenants from the pressure of ever-rising rents, the government also undertook a policy of rent restriction, and in so doing partially nullified the inducement to builders. In July, 1919, a Housing, Town Planning act was passed, according to the terms of which the government offered to assist cities and towns in building houses by lending them money and by stipulating that it would make up losses incurred which were not covered by the rate of a penny in the pound in the local area. It was in connection with this last endeavor that the building guilds were formed and began operations. With two of three exceptions, all of the early guild contracts had to do with the plans of municipal councils for the construction of artisans' dwellings.

The inauguration of a guild system was full of difficulties. The problem was to find a foothold in an established industrial system and to compete with great modern units of production in highly organized centers. The program required both organizing ability and the skill of men who were trained in the work of actual building. With the important exception of Mr. S. G. Hobson, one of the first writers on guild theory, the development of the Manchester guild was almost wholly in the hands of men of the latter type. Mr. Hobson was the first secretary of the Manchester Building Guild, and was influential in securing the approval of the Ministry of Health for the form of contract by which the first houses were constructed. He gave the impetus which resulted in the formation of the first guild equipped for house building in the form of a suggestion made to the Operative Bricklayers Society in January, 1920, a proposal to break the housing deadlock through a guild which should hold the monopoly of building labor.

The plan of establishing a guild was referred to the Manchester Branch of the Federation of Building Trades Operatives. This body endorsed the proposal without a dissenting vote and referred it on to the District and Branch Management Committees, representing all the organized building workers of the Manchester district. This group of committees, in turn, approved the scheme at their meeting on January 20, 1920. It was then unanimously resolved:

That this meeting . . . heartily approves of the Building Guild Committee,

and hereby pledges its support, and agrees, to nominate and elect a direct representative of each trade union on the Building Guild Committee.

The trade unions claimed that their ability to supply the necessary labor element in the production of houses constituted as good a guarantee for the performance of the contract as a deposit of gold. They proposed to exploit the possibilities of group credit based on the power to produce, as a substitute for bank credit based on the purchasing power of money. The difference in their own position and that of the ordinary contractor was thus explained:

A builder on signing a contract may properly be asked to give security, because his financial stability is the essential thing. He must have financial resources, because he cannot control the supply of labor. On the other hand, whatever its financial arrangements, the Building Guild Committee has an ample supply of labor, perhaps even a monopoly of it. Therefore, they argued, the nature of the guarantee required from them is not primarily financial, but fundamentally a guarantee that the labor would be forthcoming and the house built. A builder may fail to build the houses, not because he is financially unsound, but because he cannot obtain the labor; the City Council may insist upon its pound of flesh, but the houses remain unbuilt. Finance, in short, plays a subsidiary part. But the Building Guild Committee can build the houses, which is the essential thing, and full guarantees on this head can be given.

As a matter of fact, however, the problem of guarantee was actually settled when the contracts were made, by the introduction of the Co-operative Wholesale Society as a third party to the contract with the functions of furnishing the materials and guaranteeing performance.

The Manchester Building Guild Committee was speedily set up. It at once began negotiations with the Council of the City of Manchester for the construction of workingmen's houses.

With the housing situation as it has been described, the Ministry of Health could not turn a deaf ear to a scheme which promised easy mobilization of the necessary labor. The building guild tenders were, however, subjected to a long series of negotiations lasting from January until July, 1920, before an understanding was reached. As the summer wore to a close, and the end of the best building weather drew nearer, the guild leaders lost patience and roundly expressed their belief that private building interests were successfully stalling their plans. The Ministry, on the contrary, expressed its own position in a press statement issued in June.⁴⁰ It was claimed that:

The attitude of the Ministry of Health toward the building guild principle has from the start been one of sympathy; but several difficulties presented themselves for solution before the Ministry could feel fully justified in approving it.

In a conversation with the writer, a representative of the Ministry said that the guilds were not ready with the necessary organization for

⁴⁰*London Times*, June 7, 1920.

house building, and that they were slow to convince the Ministry that they had the experience sufficient to insure a steady progression of the successive operations necessary to house building.

The situation was greatly changed through assistance given by the Co-operative Wholesale Society, and in July, 1920, the following memorandum of conversation was issued by the Ministry:^a

It is agreed that the following arrangements would be satisfactory to the Guild and to the Ministry:—

1. The Guild will give an estimate of the cost of each type of house, which estimate must be agreed as reasonable between the parties and approved by the Ministry.

2. The Guild will be paid a lump sum of £40 per house in respect of remuneration for disposal by the Guild to provide for continuous pay to those employed on Guild contracts, or for other purposes of the Guild.

3. The Guild will be paid 6 per cent of the cost (subject to par. 5 below) to cover plant and all overhead charges, salaries of buyers, head-office expenses, and salaries of supervising staff not wholly employed on the site of the individual housing schemes.

4. Any surplus under pars. 2 or 3 to be devoted to improvement of the service.

5. The charge of 6 per cent to cover the purpose mentioned in par. 3 will be paid on increased cost due to increases in the rate of wages, but not on increases in the cost of materials.

6. (a) If the estimated cost is, say, £900 and the actual cost proves to be, say, £800, the actual cost will be paid by the local authority plus 6 per cent for overhead charges (subject to any modification due to par. 5) and £40 as above. (b) If the actual cost should prove to be say, £1000, that cost would be paid plus 6 per cent on the estimated net cost of £900 only (subject to any modifications due to par. 5) and £40 as above.

7. The Co-operative Wholesale Society may be associated in the contract for the purchase of materials. This position to be clearly defined to the satisfaction of all concerned.

8. The contract to include a "break clause," which shall not take effect for three months from the commencement, allowing the contract to be terminated if the costs exceed the estimate plus any increases in the rates of wages and standard costs of materials which may have taken place since the making of the estimate.

9. The Co-operative Wholesale Society will, on being satisfied with the contract, insure the local authority against loss under the contract for a payment of 2s. 6d. per £1000.

10. A satisfactory costing system shall be arranged.

It was not, however, until the beginning of September that the draft form of contract was finally adopted. Conforming to the July memorandum, this provided for the construction of houses by the guilds for the actual, net prime cost of materials and labor at standard rates plus £40 per house and 6 per cent of the estimated cost as given in the guild tender.

^a*The Building Guild*, pamphlet published by the Co-operative Press Agency, Manchester (July, 1920).

The London group proceeded almost independently of the Manchester operations. On April 20, 1920, the London District Council of the National Federation of Building Trades Operatives unanimously voted to establish the London Guild of Builders. This organization came into being as a coöperative society registered under the Industrial and Provident Societies act. Unlike the Manchester guild, it did not aim to create a monopoly of labor. It declared itself ready to undertake private work as well as public contracts. As far as its form of business organization is concerned, it was merely an example of co-partnership or coöperative production in the building industry. Its personnel was precisely the same as that of the District Council of the Federation, but the guild was to do the work, whereas the function of the trade union organization remained merely the regulation of industrial conditions. In May the London District Council sent out a prospectus under the title, *An Industry Cleared for Action*. In this pamphlet the guild organization was outlined and an appeal for volunteer service was made.

The moving spirit in the London guild was Mr. Malcolm Sparkes, who stands in much the same relation to the movement in the south as Mr. Hobson to the Manchester guild. Both of Quaker stock, both indefatigable enthusiasts with capacity to communicate their enthusiasm, they developed building guilds from different points of view. "Up in Manchester," said Mr. Sparkes, when the London guild was getting under way, "they are still talking about the class struggle and the abolition of the wage system. In London we talk about democratic control of a public service. We have psychology on our side, but as yet no history." Mr. Sparkes staked everything on the spirit which makes men respond to an ideal. This faith is expressed in the motto of the London guild:

We are convinced that what we can see others can see, and nothing will persuade us that the world is not ready for an ideal for which we are ready.

Mr. Sparkes was behind the London guild from the time when it was first proposed, and when it was finally organized he became its general manager and secretary. A stream of literature came from his pen, under such titles as *The Call of the Guild of Builders*, and *An Industry Cleared for Action*, the pamphlet noted above. Thousands of building trades operatives bought copies and read such words as the following:

The great trade unions, no longer defensive and resistive, are awakening to a new conception of their functions; a new vision of creative service, which the building industry of Great Britain has now put into practical shape in the form of the new Guild of Builders. It is the first industrial organization in history that is set up to give service rather than to get it.

Mr. Hobson's tactics were contrastingly militant. Labor must be made a monopoly and become the *first*, not the *last*, charge on industry. Mr. Hobson brought to guild projects a seasoned cosmopolitan experience gained in two hemispheres. Nothing that he contributed to the guilds was worth more, however, than his own unshakable faith in the soundness of the venture. No less than Mr. Sparkes, he is at heart an idealist. The real ends of the two groups of guilds are much the same. A common idealism, a common faith that high standards of workmanship can become the property of the ordinary man, and a self-sacrificing devotion to the guild movement were contributed by the two leaders.

At the annual conference of the National Federation of Building Trades Operatives held in 1920, Mr. Hobson stated that there were already fifty committees affiliated to the guild, in addition to the London Guild of Builders. The following resolution was passed:*

That this annual conference of the National Federation of Building Trades Operatives observe with interest the advent of the Building Guild, and regard it as a valuable experiment to improve the conditions and status of Building Trades Operatives, and as the position develops undertake to consider the possibilities of establishing the movement on national lines, and further suggest to the local guilds that in their constitutions they shall make provision for such contingency.

Although no contracts were secured for several months, the movement spread with great rapidity. Guild committees sprang up not only in Lancaster but also in other parts of England and Wales. Some of these found the attitude of the local authorities so discouraging that no practical program seemed possible, but the majority continued to present tenders for the construction of houses and some were successful in securing private work.

The financing of the building operations was made possible by the willingness of the Co-operative Wholesale Society to become a party to the plan. In the first schemes the local authorities were counted on to provide and deliver building materials, leaving to the guilds the mobilization of labor and the control of actual operations. In the early conferences, however, it developed that the local authorities could provide no guarantee that the building materials would be delivered promptly at the lowest prices. They had little experience in buying and no organization for purchasing to meet the requirements. Without such a guarantee it was realized that the whole plan would be imperiled.

It was at this juncture that the building department of the Co-operative Wholesale Society and the Co-operative Wholesale Bank came forward with the offer of special facilities in the providing of materials

**Minutes and Notes of the Annual Conference of the Federation of Building Trades Operatives*, at Scarborough, August 19-21, 1920.

and the extension of credit. The Co-operative Wholesale Society permitted the guilds to overdraw their accounts with the bank to about two per cent of the amount of the contracts. The guilds were thus enabled to acquire the necessary plant with which to begin operations. The advantages secured in this way were unique. With the single exception of the government, the building department of the Co-operative Wholesale Society is the largest dealer in building materials in the kingdom. It can guarantee deliveries impossible to the ordinary contractor." Finally the Co-operative Insurance Society agreed to insure the performance of the contract with a liability limited to one fifth of the cost.

Through these relations with the Co-operative Wholesale Society and through the contribution of its vast business experience, there was given a practical guarantee to the experiment which transformed it from a dream into a serious business undertaking. Mr. Hobson describes the significance of the alliance in the following terms."

The arrangement thus reached with the C. W. S. marked an important and vital stage in the history of the Guild. Whatever theoretical differences there may be between Guild and Coöperative principles, it is certain that the Coöperative leaders saw in the Guild movement a practical emanation of working-class spirit comparable only to their own activities from the days of the Rochdale Pioneers. As an example of industrial statesmanship, this action of the C. W. S. stands out clear and massive compared with the characteristic niggling, doubts, and hesitations of capitalistic society. In this alliance, amongst other possibilities, we may discover the way to break the rings and combines that now so remorselessly hold to ransom the whole building industry.

Building Operations

A new chapter opened when the draft form of contract was finally approved by the Ministry of Health in September, 1920. The guilds were now ready to begin public work. On November 1, 1920, in answer to questions asked in the House of Commons, the Minister of Health stated that eight contracts between local authorities and building guilds, providing for 1,003 houses, had been approved. He added:"

These contracts form part of certain experimental proposals, in which the guilds take the contract for the whole work, the number of which will be limited until the guild system has been shown to be satisfactory.

At the end of 1920 the contracts accepted and sanctioned by the Ministry of Health were as follows:

"It nevertheless proved desirable in some cases to buy materials in the open market.

"*The Building Guild*, The Co-operative Press Agency, Manchester (1920).

"*Housing*, Nov. 22, 1920, p. 152.

Building Guild, Ltd., Manchester

Manchester	100 houses	Wigan	135 houses
Worsley	261 "	Rotherham	200 "
Bedwellty	100 "	Wilmslow	100 "
Tredegar	100 "	Halifax	200 "

Guild of Builders (London), Ltd.

Walthamstow U. D. C.	400 houses
Greenwich Borough Council	190 "

The appearance of formidable opposition is often a reliable gauge of the growing strength of a new movement. With the opening of 1921 the building guilds could claim the distinction of being taken seriously. In the early weeks of their existence an official of the National Federation of Building Trade Employers prophesied that, given a long enough rope, the guilds would hang themselves; but before the first year was over the Federation's president, Mr. Stephen Easten, expressed his apprehension lest the guilds should "drive ordinary building contractors out of the field" if the policy of the Ministry of Health in dealing with them was not changed.

The first blow was the decision of the Ministry not to approve further contracts until the terms were changed. This was right-about-face on the part of the government, and the guilds felt it to be a deliberate move to deprive them of a chance to engage in house building. They made vigorous protests. The change of front was attributed directly to the influence of the master builders. The advent of the guild had brought a reduction in the tendered prices of houses and this roused the hostility of all other contractors. The secretary of the Manchester guild claimed that it was building houses from £150 to £200 cheaper than the master builders.

Mr. Easten had held the post of Honorary Director of Building Production under the Ministry, as well as the office of President of the Builders' Federation, and in resigning from the former post he voiced the opinion of his fellow members in the Federation that the terms of the guild contract were unfair. The guild contracts included a grant of £40 per house to cover the expenses of full-time payment ("continuous pay") to the workers engaged on the job. This £40 had been adopted as the Ministry's substitute for a percentage basis. In addition, six per cent was allowed the guilds for plant and administrative expenses. Mr. Easten's statements tended to obscure the fact that the employer's contracts contained the same provision of £40 per house but left undetermined the manner in which it should be spent. It constituted, of course, the employer's profit.

In reply to Mr. Easten the two forms of contracts were compared

by Mr. Sparkes in the columns of the *Morning Post* (January 10, 1921):

The guild receives 6 per cent on the estimated cost, and out of this it has to provide for the whole of its head-office expenses, including all salaries, and also for the necessary plant and maintenance properly to equip the job. There is no figure exactly parallel with this in the employer's contracts. Light plant is charged at £7 per house, heavy plant is charged at 2 per cent per month, establishment charges are 1½ per cent, and all maintenance is charged up under the contract. From this you will see that it is really impossible to say which of the two forms of the contract is better from the point of view either of the builder or of the building owner. One serious misstatement must be corrected here. The guild fee of 6 per cent does not increase with any increase in cost. Under the employer's contract the contractor gets a share of any saving he effects. Under the guild contract the local authority gets the whole of the savings effected by the guild.

In the opinion of the guild leaders a compromise on the fundamental principle of continuous pay was a step which would be fatal. A guarantee of pay for bad weather, holidays, and a short vacation was one of the foundations of the guild program. Convinced that the Ministry of Health was influenced in its opposition by the building contractors who feared guild competition, the building guilds adopted a policy of no-compromise, and reconciled themselves as best they could to the loss of their opportunities for work on artisans' houses under community auspices. It soon became necessary to recast very thoroughly the plans for guild work. The entire policy of the Ministry of Health was so changed as to make altogether improbable the carrying out of the national housing program on anything like the extensive scale on which it had been projected. The guilds sought repair work and houses for private purchasers as a necessity.

Perhaps the withdrawal of the promising opportunity for public work expedited the closing of the guild ranks for a united drive forward. In July, 1921, the same month in which the government announced its abandonment of the housing subsidies, a National Building Guild was formed. A joint Reconstruction Committee met in Manchester and resolved: "that the Building Guild Limited and the Guild of Builders (London) Limited be herewith amalgamated." Under the new organization building work of every description was undertaken. Two forms of contract were offered to customers: according to the first, the customer pays actual cost plus a fixed fee for guild service and gets the benefit of any saving effected by guild organization; according to the second, the guild guarantees that the price will not exceed a stated maximum, but shares with the customer any saving made on a fifty-fifty basis, the guild's share of which goes to the guild contingency fund.

On December 15, 1921, a new monthly organ, *The Building Guilds-*

man, appeared. It is edited from Manchester for the National Building Guild and devoted to discussion of the policies and practical problems of the Guild. The first number announced the undertaking of a loan of £150,000 from guild members and sympathizers—money needed "not because we have failed but because we have succeeded."

It seemed evident, however, that the success achieved was of a sobering kind. With it came a realization of the difficulties both within and without. In the first number of *The Building Guildsman* Mr. Hobson wrote:

We cannot stand alone; other industries must follow our example or our task may become impossible. A democratic experiment in industry surrounded by capitalism is a tremendous adventure. Two years ago the building operatives of Manchester determined to buy. The rest is history.

A part of that history is summed up in the announcement of contracts in excess of £2,000,000 in December, 1921, and receipts in cash for work done and material supplied amounting to £600,000. There was also reason for genuine and justifiable satisfaction in the reports of large savings effected in the construction of guild houses completed at Bentley, Walthamstow, and Wigan. An American builder testified to the fact that the guild workmen were doing a better day's work in the summer of 1921 than most of the men on private builders' contracts."

With this substantial evidence that the guild had taken its place as a going concern came very naturally the realization of practical difficulties of administration. Important among these at the beginning of 1922 was the need for agreement upon a definite sphere of action for the works committees. These committees, formed on a basis of section and craft representation, sprang into existence and took part in actual operations. With no place provided for them in the national constitution, they were at first limited to such functions as the care for canteen arrangements, sick benefits, and sports, but they pressed for more important administrative opportunity and insisted that it belonged to them by right of the guild principle of control at the point of production. They recommended a definition of function which should give over to them the adjustment of grievances and, together with the general foreman, the right to discuss and decide upon the methods of discipline, time keeping, conditions of work, and maintenance of good fellowship. They also sought representation on the guild committee.

Another administrative problem arose in the question of trade union jurisdiction. Trade union rules gave prominence to craft representation, yet it was urged as the duty of a works committee "to stamp out craft prejudice and strive for a 'One and All' movement." Instances

"A. M. Bing, "The Building Guilds," *Survey*, Oct. 29, 1921, p. 170.

were reported "where the guild committee and the works committee were at a deadlock pending the decision of the trade union," and this notwithstanding the fact that the Building Guild is a trade union body throughout its entire structure. Difficulties of this kind are not new in trade union history, but their continuance might easily imperil the success of the building guilds.

The Building Guild extended all possible help and encouragement to the furniture, packing-case, and vehicle guilds which were established in Manchester early in 1921. By the end of the year the London guild was engaged in building a house "planned entirely by guildsmen and carried through by members of the guild." It had secured the site and completed plans for a first-class joinery works at Paddington for the manufacture of all kinds of woodwork and was looking forward hopefully to the opening of its own factories as marking a real revival in craftsmanship. The autumn of 1921 also saw the extension of the building guild movement to Ireland and its endorsement by AE (George Russell) who wrote:

I hasten to express my delight at hearing that unions connected with the building trade in Ireland are uniting to form a Guild of Builders. For many years I have thought the emancipation of labour could be brought about most speedily by workers transforming their unions into coöperative productive societies, or guilds of workers, undertaking as unions the contracts hitherto monopolized by the capitalist exploiter of labour."

Two years of difficult traveling have been weathered by the building guilds and the third begun with unshaken confidence and a determination to triumph over the old obstacles which are undeniably still blocking the way but which are now more clearly seen and understood.

The Outlook

It is difficult to estimate the potential importance of the building guilds of today. They have succeeded in establishing some of their principal contentions in the face of great opposition. When the very existence of the guilds was threatened in January, 1921, by the government's refusal to grant further contracts, they adhered to their principle of continuous pay and proved that it was practicable for the building industry. The guilds have established their contention that they can build more cheaply than private builders. Impartial observers have testified to the fact that guild workmen render a better day's work than others on the same jobs. Financial soundness has been adequate to gain the confidence of the Co-operative Wholesale Society as a seller of materials and as an insurance agency. Loyalty and a high grade of workmanship have been obtained. Finally, the movement has spread widely during the two years of agitation.

"Quoted from the "Voice of Labour" in the *Guild Socialist*, Nov., 1921, p. 8.

The building guilds must now prove their ability to withstand the ups and downs of business affairs. They have made their beginnings under exceptionally favorable circumstances. The building industry itself offered a good opportunity for experiment, for only a small amount of capital is required to begin operations and the enterprises have a semi-public character. It would be difficult for the opposition to bring about a concerted hold-up of building materials. It happened that the whole industrial situation as well favored the building guilds. They began their work when general efficiency was low. Possibly they may not compare so well with private workmen in other times. In the second place, the demand for houses was pressing and there was little fear of unemployment. When the building situation is less acute, the guild workers who are not needed or who are among the less efficient will undoubtedly be loath to give up their work; and yet, if they retain it, costs will rise and the competitive situation of the building guilds will be injured. The question of adequate training for management and administration is yet to be solved.

Mr. Hobson sees the questions of the immediate future as those of credit. In his article in the *Guild Socialist* for December, 1921, he says:

I venture a prediction. Within the next twelve months, the workers will realize that the money and credit required must be extracted from sources other than ordinary wage-savings. Where, then, must we look? In my opinion there are two sources that can be tapped—insurance and rent control. There we can find our millions, and it is an easier adventure than the foundation of the Building Guild. The deliberate movement for control implies a new labour orientation, the first stage being conscious class consolidation in industry and credit.

Meanwhile guild theorists seem to be marking time. In these two years the only significant contribution has been the Douglas credit proposals. Once again the intellectualists have languished in leadership and the advances are left to explorers in the field of actual production and its everyday business relations.

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WHAT DETERMINES THE VOLUME OF A COUNTRY'S INTERNATIONAL TRADE

The purpose of this article is to analyze the influences which govern the volume of the merchandise exports and imports of a country. The elements of the theoretical reasoning which is used have long been familiar to students. In the course of the article, the effect upon the volume of merchandise trade produced by other international transactions, such as security sales, immigrant remittances and the like, will be left out of consideration; it will be assumed that none such take place. That is permissible because the manner in which they complicate the results is well understood.

In order to get a correct light on the problem, it is necessary to restate some well-established first principles. In illustration we will use two such countries as economists conjure up in preference to dealing with existing countries. For arbitrary conditions must sometimes be introduced to simplify the reasoning, and that is best done with imaginary examples. Then too only those instances will carry us further which settle one quarrel without opening another. Let us then imagine two countries, country A and country B; let us suppose that they are on a gold standard basis. Furthermore, the expense of transportation from one country to another may be regarded as an expense of production in the country of origin. The merchants of country A and country B meet for the first time. Upon comparing their wares it turns out that the merchants of B can quote lower prices than the merchants of A for wine and cloth. The merchants of A cannot quote lower prices than those of B on any commodities. A will import both wine and cloth. Since payment is not made in commodities, gold would flow out of A into B. This flow of gold, if steadily continued under the conditions outlined, would in time be likely to produce an upward movement of income and price levels in B, and downward movement in A. In the course of these changes the prices of wine and cloth would rise in B. This would continue, let us say, until the price the merchants of B can make for cloth rises above the price which the merchants of A make for the same product, the merchants of B being still able to quote lower prices for wine. A would begin to export cloth instead of importing it. When the value of the cloth exported by A equalled the value of the wine imported by her, gold movement would cease.

In the language long applied to the subject, a balance of international merchandise payments will have been struck. B would be exporting the commodity in which she possessed the greatest comparative advantage, which is a way of saying that B would be exporting wine to A because the difference of effectiveness between B and A was

greater in the production of wine than in the production of any other commodity. B had more decided advantage over A in wine production than in any other direction. A would be exporting the commodity—cloth—in which she had the smallest comparative disadvantage. The generalization that may be made from this instance is that the long continued course of international trade brings about an endless series of comparisons between the effectiveness of each and every country in the production of all commodities. Those commodities are exported by each which come out relatively best in this series of comparisons. Another feature of the situation, as Taussig has emphasized, is that each country will be exporting those commodities which are low in price within her borders as compared with the price of the same commodities in the other countries.¹

So much for first principles. Let us turn to our illustration and seek to analyze the conditions which determine whether a large or a small volume of commodities is exchanged between A and B. The first general conclusion that may be stated is as follows: that any cause which operates to increase the effectiveness of production of the export industries in any country, as compared with the effectiveness in the other industries in the same country, will increase the volume of trade between countries, and vice versa.

The soundness of this conclusion may be established by consideration of the illustration just used. Let us look at the matter from the point of view of B, and study the effects of some cause which operates to increase the effectiveness of production in B's export industries, as contrasted with the rest of B's industries. Assume, for example, that there is a falling off in effectiveness of all kinds of labor required in many industries in B, while it remains the same in the industries in which B already has the great comparative advantage (her export industries). Because of the fall in effectiveness of labor in a considerable range of industries, one of two series of events will take place.

Money incomes may remain the same despite the fact that fewer commodities than before are now being produced with the same labor in many industries. In that case prices in all these industries (the non-exporting) will rise. Or, if prices in these industries do not rise, money incomes throughout the country will fall because of the decrease in the effectiveness of production over a wide range of industries. If the first chain of events occurs—that is, if prices in the non-exporting industries rise—fewer of their products will be demanded than before and more imported commodities will be demanded, since their prices have remained unchanged. There would probably also be an increased demand at home for the products of the export industries, since their prices are likewise unchanged. But that fact may be disregarded on the

¹*Of. Taussig, Some Aspects of the Tariff Question, ch. 1.*

supposition of constant cost. With the rise in price of many domestic commodities and steadiness in price of the imports, there will be some transfer of demand to the imports. How great the transfer of demand will be will depend upon the extent of the rise in the prices of the non-exporting industries in B. The growth in the volume of imports will, if the accepted theory of international trade is correct, tend to produce an increase in the volume of exports.

The outcome will be the same if the second possible chain of events takes place—that is, if we reason on the supposition that the prices in the non-exporting industries in B remain the same as before the fall in effectiveness, while money incomes fall. For in that case expenses of production in the export industries would decrease, since their effectiveness has remained unchanged. And this fall in the expense of production would tend to cause a lowering of the prices of their products, which in turn would mean that more of their products would be demanded by other countries. In either event it seems clear that the enlarging of the difference of effectiveness between those industries already possessing the greatest comparative advantage (the export industries) and the other industries within the country will result in an increase in the country's merchandise exports and imports. The opposite will result from the opposite change.

If this conclusion is sound, a country in which a few important industries possessed unusual advantages in production as compared, firstly, with the advantages of the rest of the world in the same direction and, secondly, with the other industries within the country, should carry on a heavy import and export commerce. Certain tropical countries are probably in that condition. They are endowed by nature with certain natural resources, which enable them to excel the world greatly in the production of a few commodities. On the other hand, the effectiveness of production in general in those countries is low. Thus real wages and also money wages in those countries are very low, and form only a comparatively small obstacle of expense to the export industries, which can therefore offer their products at low price. The volume of such a country's exports and imports will be greater than it would be if the conditions described were not present. In this respect a country like the United States is in the opposite position. Here labor is applied effectively in a great many fields. There is probably no great difference of effectiveness between labor in the export industries and in many other industries. As a result the difference in comparative advantage between the export industries and other industries is smaller than it would be otherwise.

This influence upon the volume of international trade of a country may be summarized by saying that the volume will be the greater, the more unique and decided the advantages possessed by export industries

(those which have the greatest comparative advantage, or smallest disadvantage) in each and any country over all other industries in the same country.

There is one point in particular at which the correctness of the preceding analysis may seem open to question. It has been assumed that the demand for imported commodities is equally urgent with the demand for the commodities produced within the country. I know of no way of putting this assumption concerning demand more satisfactorily by the use of more technical terms. What is meant is that it has been assumed that the imported commodities occupy as important a place in the consumption habits of the community as the domestic ones; and, thus, that any change in their relative prices would result in a transfer of purchasing power to those which had become relatively the cheaper. This supposition was made when it was reasoned that, if the prices of the commodities produced by the non-exporting industries in B rose while the price of imported commodities remained the same, a transfer of demand to the imported commodities would result and the value of B's imports would increase. So also it was made in reasoning about the second possible course of events.

No such result would take place if the demand within the country for domestic commodities was much more urgent than that for the imports—if the purchase of domestic commodities would fall off but little or not at all as a result of an increase in their price. For under such circumstances the rise in the price of domestic commodities, even though it led to some decrease in the consumption of them, might mean that more purchasing power was spent upon them than before. In this case less could be spent for imported commodities than before. Such would be the fact if the commodities produced within the country were, in general, necessities either of life or industry, while those which were imported were not. On the other hand, if the demand for domestic commodities was not as urgent as that for imports, a more marked transfer of demand to imports than would otherwise occur would take place. Such would be the fact if the domestic commodities were on the whole not essentials of life or industry, and the imports were.

It is plain that the relative strength of demand for the products of domestic industries and for imported commodities is a factor in determining whether the volume of international trade carried on by a country is large or small. The influence may be expressed as follows: that the more strong and insistent the demand of each and every country for foreign products as compared with the demand in the same country for the products of its own industries, the larger the volume of imports and exports of any country will be.

The significance of this factor of relative demand can be seen in still another way by turning again to our illustration. Countries A and B

are trading with each other. A is exporting cloth to B, and is importing wine from B. A balance of international payments has arisen—the value of the cloth exported by A being equal to that of the wine imported by her. Let us again take the point of interest of country B, and assume that a change takes place in B which greatly increases the strength of demand on the part of B's inhabitants for the products of domestic industries as compared with the strength of their demand for cloth from A. Imagine, for example, that a new resource, coal, was discovered in B, and that this filled an important want. Imagine, further, that at the price at which it could be produced a considerable volume of it is bought; in other words, that its discovery has led to a new and powerful demand for a home product. For the sake of clearness, add that A has no use for coal and that thus it would not become an export, and disregard furthermore, its possible revolutionary effect upon industry.

The result of the change in relative demand—the fact that the new and important demand for a home product had arisen—would be to bring about a reduction of B's exports and imports for two reasons. First, the new demand for coal would lead to some reduction in demand for other commodities. The demand for imported goods among others would be reduced, it is safe to reason. Secondly, the new industry would compete with those already established in B, including the export industries, for the use of the available supply of the agents of production. If production was carried on in coal-mining with greater effectiveness than in some of the other industries, a rise in money incomes would tend to result. This would form a fresh obstacle to the export industries, and the prices of their commodities would tend to rise. The result would be a decrease in the volume of exports.²

The opposite case may be illustrated more briefly. Let us assume that, because of a change in consumption habits, B's demand for cloth increased while it remained unchanged in other respects. More cloth would be imported at the same price. The familiar reasoning on the subject concludes that an increase in B's exports would tend to result. The cause of the change would be the change in the relative demand of B's inhabitants for home products and imported products.

The part played by this factor of relative demand upon the volume of a country's exports and imports has, indeed, always been recognized in the reasoning on the subject. It helps to explain, for example, why a small country, such as Switzerland, is likely to conduct a large international trade. The resources of a small country are almost invariably limited in variety. Many of the things it desires most it is unable to produce at all. The relative strength of its demand for

²This conclusion is based on the assumption that demand in A for the products of home industries is as urgent as the demand for the commodities imported from B.

foreign products is great; the volume of its imports large, its exports correspondingly so. In this respect a country like the United States is in the opposite position. Its great area, variety of natural resources, and industrial and commercial adaptability enable it to produce a far greater number of essential products than most countries. The factor of comparative advantage, as briefly explained at the beginning of this article, may bring about that it imports many of them. For all that, the great variety and expanse of our resources does explain why our demand for foreign products is not stronger than it is. If, for example, all the coal resources of the North American continent lay on the other side of the Canadian border, our demand for foreign products as compared with that for our own would be stronger than it is now, and the volume of American imports and exports greater. These statements are entirely in accord with the common observation that any country which is dependent upon others for such important products as coal, iron ore, grain, oil, and the like must and does carry on a considerable volume of foreign trade. From the point of view of any one country it can be said that its merchandise exports and imports will be great provided it is dependent upon other countries for products of great importance either to the life of its inhabitants or to the existence of its industry. Likewise they will be great, provided other countries are dependent upon it for commodities of this nature.

This conclusion becomes self-evident after short reflection. If all parts of the world were substantially alike—if all races of men were of the same character and had the same faculties, and if all countries had the same natural resources—no exchange would take place between the separated places in the world. For in no country would there be a demand for the product of others. But the differences in men's abilities and character and the natural differences between parts of the globe bring it about that each country desires greatly many products of others.

One other important influence upon the volume of the export and import trade of a country remains to be considered. Up to the present our reasoning has simply taken as given the general level of effectiveness in production of the countries of the globe—of countries A and B in our illustration. But the volume of export and import trade is greatly affected by this element. To phrase the matter in terms of the illustration, the volume of the commodity exports and imports between A and B will vary directly with the level of effectiveness that characterizes production in either country, and so of both countries. The correctness of this conclusion can be readily demonstrated.

Assume that as a result of war all industry is disorganized in B, much capital destroyed, and many able workmen killed. Assume that previous to this calamity a balance of international payments between

A and B had been struck, that the war did not produce any change in the consumption or industrial habits of the people of either country, and that they still desire each other's products as keenly as before. Nevertheless, the volume of goods exchanged would be less than before the war. For the great fall in effectiveness of production in B would produce a fall in *real* incomes in B. The people of B, although they desired as much of A's products as before, could not buy as much. For, due to the decrease in their incomes, they could buy fewer of all commodities, imported commodities included. The result, leaving all possible complicating influences out of consideration, would be a decline in imports, which gradually would bring about a decline in exports.

The significance of this conclusion need hardly be emphasized at the present time, when certain of the nations of the world which are in the most dire need can import little, while in certain others there is unemployment in the former export industries. The situation is directly due to the fact that in the present state of European economic, financial, and political disorganization, European labor and capital succeed in producing little in any of their applications. The people of Europe find all commodities dear, because their labor yields them but little; they thus can buy few imports. And as a result American and English export industries find themselves unable to secure a market for all their products. The exchange situation which is usually referred to as the chief explanation of this situation is but a secondary phase in it, and one that would remedy itself (I do not mean to imply that necessarily it should be left to do so) if European industry again attained its former producing powers.

The bearing of the foregoing upon the question we set out to consider may be summarized as follows: All other things being the same, the volume of export trade carried on by any country will be the greater, the more productive all industry is within its borders, and in every other country, and vice versa. The volume of international trade of any one country will tend to be great if, in all or almost all countries of the world, effort results in a great quantity of economic goods. A sort of economic interdependence between all countries of the world is implied in this fact. In much recent writing the nature of this interdependence has been carelessly portrayed; in spite of the indication of it yielded by the preceding analysis, it is not as simple as is often made out. Its significance for different countries varies. It is greatest for those in which the export industries employ a large part of the country's labor, and which are dependent upon other countries for many essential products. For these countries naturally suffer most from a destruction of international trade. This subject, however, is too great and important to permit incidental generalization.

One closing reflection is justified by the nature of the forces which,

we have seen, tend to govern the volume of a country's export and import trade; that is, how limited is the extent to which any one nation can control that volume. A multitude of conditions completely out of its grasp may have a more potent effect than all its carefully planned campaigns.

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GERMAN WAR FINANCE—A REVIEW

NOTE: This article is based upon *Les Finances de Guerre de l'Allemagne*, by Charles Rist, Professeur à la Faculté de Droit de Paris. (Paris: Payot & Cie. 1921. Pp. 294. 15 fr.) Page references in parentheses, unless otherwise designated, refer to this volume.

No record of modern warfare is complete without an account of the part played by finance. Indeed, the whole complicated machine rests upon finance. It is by finance that the resources and energies of a nation are diverted from their normal channels and directed to the purposes of war. Never has this principle been so fully recognized and so consciously applied as by the Germans in the World War. In their careful preparation for war, finance was not overlooked. In the conduct of the war, financial successes were achieved and financial reverses suffered no less significant than those in the military field. And in the final disaster, financial collapse went hand-in-hand with military defeat. Certain financial achievements of the Germans must be acknowledged as nothing less than works of genius. On the other hand, financial blunders were made which at first sight are all but unbelievable. The record of Germany's war finance need only be properly written to furnish a story of profound significance and surpassing interest.

To say that Professor Rist has given us such a record is no exaggeration. That we have it thus early is especial matter for congratulation. The book has been written, not for the professional expert, but for the general reader. The discussion is simple and non-technical. It is based on original German sources, handled with scientific judgment and calm impartiality.

In the opinion of the reviewer, the best way to appraise this book is to make it the basis of a brief account of the war finance of Germany. This account will properly begin with an analysis of Germany's borrowing operations.

Scarcely a month from the beginning of hostilities the first war loan was made (September, 1914). After that the loans followed each other twice a year, in March and September, with a regularity and a constant success that are impressive. The ninth and last loan was made in September-October, 1918, in the very face of the military collapse. The first loan brought subscriptions of four and a half billion marks. The second doubled this amount. No loan thereafter fell below ten billions, the climax being reached by the eighth loan (March, 1918), which yielded nearly fifteen billions. Nearly 100

billion marks were thus obtained up to the end of 1918.¹ When it is recalled that in the Franco-Prussian war of 1870-71 Germany's total receipts from war loans were only 350 million marks, one begins to realize what progress the world has made in a generation and a half.

In no department of the German war effort was success so conspicuous as in the great war loans. The magnitude of this success was a surprise to everybody, including the Germans themselves. There was among the Allies during the war a tendency to belittle it, to charge that it was merely an illusion, the result of skilful but dishonest juggling. Nothing could be farther from the truth. If there was in connection with the German war loans anything in the nature of jugglery it was in no fundamental respect different from the practices of all the other belligerents (pp. 65-66).

One naturally asks, whence came these gigantic sums? In answer Professor Rist notes as the first and most obvious source the sale of foreign securities, a resource availed of by every belligerent. The mobilization and sale of foreign securities (particularly American) was quickly resorted to by the British government. France also was able to make good use of this resource (p. 197). The German position was not so strong. Whereas the people of England and France had before the war large investments abroad, Germany had use at home for most of her capital. Indeed, she was employing in her industries a very considerable contribution of foreign capital, particularly French. This situation was one of the elements of weakness in the German banking situation which dictated a pause in the Agadir crisis of 1911 and whose correction the Emperor is said to have demanded in no uncertain terms. The German statisticians estimated their total holdings of foreign securities at the beginning of the war at sixteen to twenty billion marks. A considerable part of this portfolio obviously was not realizable. The amount invested in the industries of Germany's allies, Austria-Hungary, Turkey, Bulgaria, and in Roumania was estimated at five billions (pp. 68, 198).² Investments in the enemy countries, France, England,

¹The following table (p. 95) shows the amount of the subscriptions to each of the nine war loans:

First	loan	September, 1914	4,460	million marks
Second	"	March, 1915	9,060	" "
Third	"	September, 1915	12,101	" "
Fourth	"	March, 1916	10,712	" "
Fifth	"	September, 1916	10,652	" "
Sixth	"	March, 1917	12,978	" "
Seventh	"	September, 1917	12,457	" "
Eighth	"	March, 1918	14,766	" "
Ninth	"	September, 1918	10,433	" "

Total

97,619 million marks

²Cf. also Keynes, *Economic Consequences of the Peace*, American edition, pp. 174-182.

Russia, Italy, were equally unavailable. They were estimated at seven or eight billions. This left only the Scandinavian countries, South America, the United States, and Japan. Investments in these countries, realizable in spite of the war, were calculated at seven or eight billion marks.

It is estimated that some three billions of these foreign securities were disposed of in the early years of the war. The German public was urged to this course by the government, speaking through the voice of the press and the bankers' propaganda with the slogan "*fremde Effekten heraus.*" But by the latter part of 1916 the government policy had changed. In September it was decided to make use of the German-owned securities, not for sale, but, following the example of France and England, as security for foreign loans sought for the sake of sustaining the foreign exchanges (pp. 68-69).

Apart from the modest aid from such sources as this, Professor Rist finds the real foundation of the war loans in what he calls the "normal savings of war," permitting one to say with truth that "war supports war." He here brings to the fore a truth often overlooked by those who paint the picture of the awful economic waste of war. In the early years of the present century it was a common belief that the gigantic cost of modern warfare had well-nigh rendered further warfare impossible; or, if not going to that extreme, that future wars were bound to be short, sharp, and decisive. No nation could stand for more than a few months the staggering cost of modern warfare. If the threat of economic exhaustion did not suffice to prevent war, its actuality would cut short the term of any war once entered on.

Of the gigantic cost of modern war there was no exaggeration. But there was general failure to appreciate the economic power of nations to sustain this burden for years, indeed almost indefinitely, provided only that the people will it. It was not economic exhaustion that brought defeat to Germany, but the moral exhaustion and revolt of her people in combination with her increasing military weakness.

Germany presented the most perfect example in modern history of a nation completely devoted to war: a people imbued with the spirit of war and conquest; a government supreme in its power over the people and with an organization of extraordinary completeness and perfection built up and directed with the single purpose of success in war. When such a nation goes to war, the expenditures of war are not a net addition to its cost of living. While engaged in the various activities of war, the people of necessity forego many of the instruments of peace, thus setting free resources available to meet the needs of war. The war largely cut off Germany's foreign trade. Many things formerly imported were now neither needed nor obtainable. Hence a possible source of saving. Germany's merchant marine found itself out of employ-

ment, and many of the other industries that had supplied the needs of peace were idle. Capital, thus temporarily unemployed, was ready to support the war, assuming only the proper credit machinery to make it available.

On the other side came the huge government demand for war materials, giving profitable employment to capital and labor just as fast as it could make the shift from its former peace employment. Business during the war, as in other countries, was generally prosperous. The nation's industry was diverted, more quickly and more completely in Germany than in any other nation, to the ends of war. The state became the one great customer. And, as is usual, the state paid well. To it the prime consideration was to obtain the goods; it did not higggle overmuch as to price. War profits were a well-known phenomenon in every belligerent nation, but nowhere so conspicuous as in Germany. Professor Rist gives a few examples in the automobile industry. The Benz company distributed dividends of 12 per cent the first year of the war and 20 per cent each year thereafter. In addition to a bonus of 10 per cent, its net profits rose from 31½ million marks in 1914 to over 15 millions in 1917, upon a capital of 20 millions. The Daimler Motors broke the record. With a capital of 8 million marks, it made profits of 12 millions in 1916, as compared with 31½ millions in 1913. Its annual dividend rates in the years since 1913 were 14 per cent, 16 per cent, 28 per cent, and 35 per cent respectively. It increased its surplus from 51½ to 8 millions. It amortized all its real property, entering it in its balance sheet at one mark. Finally in 1917 it quadrupled its capital, giving for each share held the right to subscribe for three new shares at 107, the market price being about 900 (pp. 73-74).

That the automobile industry was not alone in the good graces of the war god is shown by a table of the dividends of the corporations quoted on the Frankfurt exchange, published in the Frankfurt Gazette of November 6, 1917, as follows (p. 74):

28 manufacturers of machinery	14 per cent
22 electrical manufacturers	8 " "
29 collieries	13 " "
18 chemical concerns	17 " "
8 textile corporations	8 " "
15 banks	7 " "

By no means the least of the causes of this prosperity was the monetary inflation and the consequent rise of prices. On this point more will be said later. Here it is sufficient to recall (1) the fact that currency inflation was one of Germany's chief instruments of war finance and (2) the well-known economic principle that currency infla-

tion and rising prices tend always to stimulate industry and cause business profits.

So Germany made war a profitable thing to "big business." Her captains of industry were kept prosperous and in good humor. Their support could be counted on by the government. That cruel injustice was being done to the mass of the common people, whose cost of living was raised without corresponding increase of income, can scarcely have been unknown to the financial leaders. Patriotism and docile obedience to inspired propaganda were doubtless counted on to keep the people quiet. In the meantime industry flourished and the war was kept going—till at last the people would stand no more.

Proof of war profits is to be found in the huge sums which, after the first flurry of uneasiness at the war's beginning, flowed into the savings banks, the coöperative credit associations, the great deposit banks, and the stock market. The growth in savings-bank deposits is truly astonishing. Before the war the annual excess of deposits over withdrawals at the savings banks seldom exceeded 500 or 600 million marks. In the first five months of the war, in spite of the sudden heavy withdrawals at its beginning, the amount rose to 800 millions. In 1915 the excess of deposits reached the enormous figure of $3\frac{1}{2}$ billion marks. It was the same in 1916, $4\frac{1}{3}$ billions in 1917, and 6 billions in 1918. It should be noted that the German savings banks do not confine themselves so closely to the service of the small depositors as is the case in England, France, and America, and further that they perform more of an actual banking business (pp. 76-77).

The German coöperative credit associations perform an important service as agents of saving and investment. The agricultural societies, of the Raiffeisen type, had deposits of 79 million marks on December 31, 1913. This had risen to the extraordinary figure of 429 millions on December 31, 1917 (p. 78). During this time the societies had subscribed 660 million marks to the first seven war loans.

As for the banks proper, the example is cited of the seven great banks of Berlin, whose standing deposit accounts grew from $4\frac{1}{3}$ billion marks on December 31, 1913, to over 19 billions on December 31, 1918 (p. 80).

There is not space to discuss further evidence presented by the author, such as the lively speculation on the stock markets, the creation of new corporations, and the increase of the capital stock of others, to which the banks were often heavy subscribers. In all of which is clearly seen the effect of war profits and frequently the evident desire to conceal the same. Indeed, the magnitude of these new capital issues aroused the alarm of the government, which feared the competition with its own loans. An edict of March 8, 1917, required that authority be obtained for all further issues, an arrangement found necessary also

by the United States and other belligerents. In this policy the government had the aid of the banks and the exchanges (pp. 82-83).

Thus we find the chief source of the German war loans in the normal savings and business profits of the war. It was the government's business to lay its hand upon all these resources. That it succeeded is proved by the results of the war loans already cited. The means by which it accomplished its ends will now be examined.

The loan policy of the imperial government comprised three principal features: (1) to permit the war savings of the people to accumulate through the normal channels of savings, (2) to absorb these savings into the imperial treasury by the issue, to the banks, the savings banks, the coöperative credit associations, and the large capitalists (both individuals and corporations), of the government's short-time treasury bills (*unverzinsliche Schatzanweisungen*), and (3) every six months to fund this floating debt by means of a great war loan.

In carrying out this policy the government called to its service, by a masterpiece of skilful organization, all the regular institutions of saving, banking, and finance, foremost among which naturally stood the Reichsbank. From beginning to end, the imperial bank, under the leadership of its president, Havenstein, furnished the direction and the push of the government's financial policy. At the Reichsbank were placed the bulk of the imperial treasury bills, part being subsequently passed on to the other banks and savings institutions. Treasury bills and current claims against the government soon composed the bulk of the portfolios of the Reichsbank and the other banks. The former had almost ceased to furnish credit to private business and had become virtually the credit agent of the imperial government. The treasury bills and other drafts of the government were discounted by the Reichsbank at its official rate of $4\frac{1}{2}$ or 5 per cent. Their title, "non-interest-bearing bills," must therefore not be understood to imply that through their use the government was able to finance its expenses without the payment of interest.

At no time have the proceeds of the war loans been sufficient to redeem the entire amount of treasury bills outstanding. Although a considerable reduction followed each loan, the floating debt increased steadily throughout the war. The portfolio of the Reichsbank, which it is agreed was composed almost entirely of treasury bills and other government advances, amounted to 4,712 million marks on September 30, 1914, after the close of subscriptions to the first loan. On October 7 it had dropped to 3,300 millions. By March, 1915, the time of the second loan, it had risen to 6,860 millions, followed by a drop to 4,341 millions. So after each loan the succeeding increase started from a higher point. The progression became rapid in the last half of the

war, and in October, 1918, the portfolio was just short of 19 billion marks.

By these means, thus briefly sketched, the imperial government was able to draw to its own uses the surplus capital and the savings of the people, with a magnitude, a regularity, and a lack of disturbance to the money market which enabled the German press (not without reason) to make each succeeding war loan the occasion of triumphant rejoicing.

The success of the imperial loan policy required not only the organization of the banks and financial institutions. It was necessary also to arouse in the people the desire to lend and to furnish the credit machinery to make lending easy. Of the nature of German propaganda, at home and abroad, the world is by now well aware. Professor Rist gives an interesting account of the means employed to arouse popular enthusiasm and support for the war loans. Space does not permit its further discussion here. But it reached every corner of the land and every owner of capital, from the banks and savings institutions, the great corporations and wealthy business men, fat with war profits, down to the poorest of the common people. The number and amount of the very small subscriptions to each loan furnish instructive evidence of the success of propaganda (*cf.* the interesting table on p. 95). Every nation employed such propaganda in aid of its war loans. Germany stands out only in the degree of completeness and energy with which its campaign was organized and carried out.

What more particularly demands our attention is the means employed to make liquid the possessions of the people, so as to make lending easy. Here again every existing agency was impressed into service, banks, savings institutions, insurance companies (which loaned to their policy holders upon their policies), and all the rest. But the institution that stands out above all the others, as perhaps the most original and remarkable of all Germany's war devices, is the system of imperial loan bureaus (*Darlehnkassen*). These credit institutions had their origin in Prussia in 1848 and were revived during the wars of 1866 and 1870. At the beginning of the war in 1914, provisions for the establishment of these offices all over the country were quickly made. Ninety-nine offices were established (p. 45). Their purpose was to supply easy credit by making loans on securities or merchants' stocks. They made advances to merchants, manufacturers, banks, savings banks, coöperative credit associations, and finally to individuals. They soon came to be the principal source of credit for all classes of borrowers, including the banks themselves and even the cities and the separate states, which had been forbidden to make appeal to the public savings in competition with the imperial loans. This explains how, as mentioned above, the Reichsbank was able to sever

so completely its connection with the nation's industry. It was the loan bureaux that supplied the credit needs of every agency except the imperial government. To its exclusive service the Reichsbank devoted itself.

The means by which the imperial loan bureaux made their loans was through the issue of their own notes (*Darlehnskassenscheine*). These notes were the most original and, as the event has shown, the weakest stone in the German credit structure. In character they were similar to the imperial treasury notes (*Reichskassenscheine*), which were in existence in moderate amount (generally not exceeding half a billion marks) before and during the war but which were not relied upon for war financing. The loan-bureau notes were issued in denominations as low as one mark. They were not legal tender, but the fact that they were receivable at their face value at all public offices of the empire and the federated states assured their circulation. And finally, where appears the true inwardness of their nature, they could be counted by the Reichsbank as part of the cash reserve against its own notes.

The procedure now becomes simple enough. Through all the channels of propaganda, so skilfully used by the imperial leaders, the people were urged to borrow freely of the *Darlehnskassen* in order to subscribe to the war loans. The operation was pictured as profitable on account of the slight difference between the rate of yield on war-loan bonds and the rate of discount charged by the loan offices—5.36 per cent and 5.25 per cent respectively (pp. 104-5). Even more strongly was the operation urged as a patriotic duty. The loan offices made lending easy. Credit could be obtained on a great variety of securities without the necessity of suffering the heavy loss involved in sale upon the disordered stock market. No possessor of capital not actually used in his own business had any excuse for failure to subscribe to the extent of his investments.

At first sight it seems very strange that trouble should have been taken to set up all this elaborate machinery for performing what was after all a simple banking function, which it would seem might have been handled by the Reichsbank in coöperation with the other banks of the country. The explanation of this anomaly gives us an insight into the essentially hypocritical character of the German credit currency. Two considerations must be noted. In the first place it is to be remembered that the German law permitted its banks of issue to emit notes only on the security of cash or commercial paper, though the law was changed so as to permit loans to the state (pp. 45-6). The imperial loan bureaux on the other hand were permitted and expected to loan freely upon securities and merchants' stocks, and they could issue their own notes to meet their loans. The second consideration is even more significant. The Reichsbank's rule requiring a cash reserve

of 33 $\frac{1}{3}$ per cent against its note issue was held in high repute by the financial leaders of the empire, who considered its preservation during the war a matter of the utmost importance. But the war plans required assistance to the imperial treasury in the form of credit currency far in excess of the power of the Reichsbank to issue while keeping this reserve ratio intact. Hence the ingenious device of the *Darlehnsskassenscheine*, whereby it was easy to eat the fiduciary cake and have it too. The loan bureaus could issue their notes virtually without limit as to amount or cash reserve. A large part of their notes was not issued to their customers at all but exchanged in advance with the Reichsbank for the notes of the bank. In fact it was the notes of the Reichsbank that were issued to the public and went into circulation. The loan-bureau notes served as cash reserve for the Reichsbank (law of Aug. 4, 1914) and so permitted the issue of its own notes in any desired amount without sacrificing the sacred one-third ratio.

By this original device the imperial authorities undertook to conceal the real nature of the monetary inflation upon which they relied for financial support of the government. And the inflation thus made easy was one of the chief causes of Germany's loss of the war and her present low state. The figures of the monetary inflation are appalling. On July 23, 1914, the fiduciary circulation amounted to 2,095 million marks, made up of 1,890 million Reichsbank notes and 205 million imperial treasury notes.³ Just before the close of hostilities, November 7, 1918, the circulation had reached the huge total of 27,418 millions, consisting of 17,454 millions of Reichsbank notes, 354 millions of treasury notes, and 9,610 millions of loan-bureau notes.⁴ The reckless issue of paper money was not checked by the armistice. On December 31, 1919, the amounts outstanding were: Reichsbank notes, 35,698 millions; imperial treasury notes, 332 millions; and loan-bureau notes, 13,598 millions; making a total of 49,628 millions, 24 times the amount at the beginning of the war (pp. 146-7).

The authorities were hard put to it to explain this enormous increase of the fiduciary circulation, particularly in face of the rising price level and the decline in German exchange. Various excuses were alleged, such as the need of currency to replace the gold turned into the Reichsbank by the public since the beginning of the war, the need of currency for the occupied territories, the notes absorbed by the troops in the field, and the growing habit of the people to make payments in cash—every reason, in fact, except the real one, the steadily increasing advances of the Bank to the Treasury. The comparison with the enemy countries was disquieting and had to be explained away. The contrast with England, where inflation was kept within narrow bounds, was

³*The Economist*, Aug. 8, 1914, p. 292.

⁴*Ibid.*, Nov. 30, 1918, p. 788.

brushed aside with mere reference to the different habits of the British as to payments. Even in France, where inflation was by no means modest, the notes of the Bank of France had increased only from 5,433 million francs on July 31, 1914, to 30,617 millions on December 31, 1919, an increase of only $5\frac{1}{2}$ times.

The common impression that by means of the *Darlehnskassenscheine* a way was early provided for an expected unlimited issue of Reichsbank notes was a mistake. Actually the Reichsbank at the first regarded this as an expedient to be used only in case of dire necessity. It took care in its balance sheet to distinguish meticulously its *metallic* money from its paper money. It made it a point of honor not to count the paper in its reserve or to issue more notes than would be lawful on the basis of its metallic reserve only. This up to the end of 1916. Even here there was a certain lack of sincerity, through failure to count in the notes outstanding the imperial treasury notes and the *Darlehnskassenscheine*. Including these items, the metallic reserve fell below the one-third ratio at the end of 1915 and at the end of 1916 was scarcely over 22 per cent. But on December 23, 1916, even the Reichsbank notes were beyond the line, 7,735 million marks being covered by 2,519 millions of metallic reserve, a ratio of $32\frac{1}{2}$ per cent (pp. 146-8). During 1917 the sacred ratio was definitely lost, and after that the collapse was rapid and complete. The metallic reserve stood at 22 per cent on December 31, 1917, 10 per cent on the last day of 1918, and 3 per cent on December 31, 1919. The importance attached to the one-third metallic ratio is clearly evident in the failure to acknowledge its loss. From that time the journals discontinued completely the publication of the ratio of metallic reserve to notes, so religiously calculated theretofore (pp. 148-9).

Monetary inflation brought in its train rising prices and falling exchanges. Professor Rist devotes two interesting chapters (chapters 5 and 6) to this subject. As in other situations, the authorities sought by propaganda to put a good face on the matter. The rise of prices, when no longer to be denied, was explained as due to natural causes quite unconnected with the fiduciary circulation. It was stoutly asserted by the pliant authorities and editors that the German mark was worth exactly as much as before the war. Other circumstances, the government demand, the British blockade, etc., had caused the high prices at home and the low value of mark exchange abroad. There were, it is true, those who could not accept this explanation. The German economists for years before the war were much interested in questions of the economic theory of money. Now these discussions broke out anew; our old friend, "the quantity theory," had its hour in the spotlight, and there were vigorous polemics, in the good old

German style, between the "metallists" and the "anti-metallists" (pp. 137-8, 149-55).

The Reichsbank, while studiously denying depreciation of the mark, was nevertheless taking urgent measures to maintain its value. Its first care was to build up its gold reserve. This policy was initiated before the war, notably after the Agadir crisis in 1911. It was carried on vigorously till the year 1916. The bank bought foreign gold. A vigorous campaign gathered in the gold from general circulation, aided by authority to issue Reichsbank notes in denominations of 20 and 50 marks; before the war the limit was 100 marks. The public was educated to make payments in notes rather than gold and responded obediently. By such means 400 million marks were added to the Reichsbank's gold reserve in the two years 1912 and 1913. The last statement before the war (July 23, 1914) surpassed all hopes. Against a note issue of 1,890 million marks the bank held a reserve of 1,756 millions, of which 1,691 millions was in metal, a metallic reserve of nearly 90 per cent (p. 33).

Almost immediately after the beginning of hostilities the bank suspended gold payments, and, thanks to the voluntary delivery of gold by the public, the gold reserve continued to mount steadily, reaching the remarkable figure of two and a half billions in the summer of 1917 (June 15). This was the maximum. The force of public contributions had now spent itself, and from this date the gold reserve declined. In the meantime, the note issue was increased prodigiously. A billion marks were added in the last week of July, 1914, and another billion in the first week of August, thus starting an avalanche of notes destined to continue all through the war and down to the present day (pp. 36-37, 140). In spite, therefore, of the absolute increase in the gold reserve, the ratio of gold to notes fell swiftly from the 90 per cent on July 23, 1914, to less than the legal $33\frac{1}{3}$ per cent, in December, 1916.

Now the policy changed. A nation-wide campaign to educate the people in the use of checks was inaugurated. This meant a revolution in habits, payments having been made almost exclusively in notes and coin. The results were slow but material. For example, the number of checking accounts rose from 133,000, with an average of 270 marks on deposit, at the beginning of 1916, to 275,000, averaging 979 marks, in September, 1918. The government also changed its policy by obtaining its advances from the Reichsbank in deposit credit in preference to notes (p. 164).

The officers of the Reichsbank and of the government must have understood perfectly that this substitution of one form of credit currency for another was powerless to relieve the monetary situation. Clearly the policy was aimed solely at allaying the uneasiness of the

public, who, ignorant of the essential identity of notes and deposits, would take courage from the decline of notes while overlooking the rise of deposits. Of course, all this had no effect on prices.

Finally, measures were taken to reduce the circulation by bringing back from the occupied territories of Belgium and Poland the large volume of Reichsbank notes put into circulation there as part of the earlier policy. When Roumania was later occupied, Reichsbank notes were not circulated there (pp. 155-160).

The weakest feature of the German war finances was the lack of a vigorous tax policy. For a generation before the war Germany had held a leading place among the nations of the world in the development of tax technique. Yet the burden of taxation was lighter in Germany than in most other countries. The total of all taxes, national, state, and local, in Prussia in 1902 was estimated at 42.50 marks per capita. In France it was 79.57 marks and in Great Britain, 101.44 marks. During the decade preceding the war, the burden increased in Germany faster than in France, but the comparison still favored the German taxpayer. In 1913 the average Prussian subject paid 33 marks in taxes to the empire, 17 to the state, and 18.40 to the commune and the circle, 68.40 marks in all, estimated at 10 per cent of his income. The French taxpayer paid 135 francs (101 to the state and 34 to the department and the commune) being 15 per cent of his income. It is scarcely necessary to remind the reader that Germany's moderation in taxes did not mean a niggardly budget. Receipts from industrial enterprises furnished 30 per cent of the imperial gross revenue and 67 per cent of the revenue of the federated states, besides contributing handsomely to local needs (pp. 111-115).

The German plan of war finance had evidently been carefully worked out in advance. It was clearly stated by Helfferich in his budget speech to the Reichstag on March 10, 1915 (p. 118). Taxes were not to be relied upon except in so far as they might be required to meet interest on the war loans. The cost of war was to be covered entirely by loans and the issue of notes by the Reichsbank.

One recognizes here the so-called "Gallatin plan" of war finance, first definitely formulated by the United States Secretary of the Treasury during the War of 1812, adopted, with disastrous results, in that war, and justly regarded since then as a policy of weakness. That the German authorities, with their long and thorough study of every aspect of war economy, with their meticulous prevision of every detail of their policy of loans and currency, should have fallen so completely into the pitfall of a weak tax policy has seemed an anomaly difficult to explain. The answer is to be found in two considerations, one well known, the other little appreciated outside the circle of students of public finance.

As to the first, everyone knows that all the German plans were pre-

licated upon the assumption of a quick, decisive victory on the field of battle. The war was to be a short and extraordinary effort, demanding the utmost of every department of the national life and quickly crowned with victory. The disturbing element of war taxes was to be avoided. It would not be necessary; loans would furnish the sinews of war. After the victory would be time enough to count the cost and make suitable settlement. An indemnity would assist and, in any event, the joy of victory would sugar-coat the pill of taxation, so far as that bitter medicine might prove necessary. The sole concession was to provide by taxation for interest on the war loans. This policy had just one chance of success. In default of the expected quick victory, it was foredoomed to failure. Moreover, the lesson of history gave clear warning against over-optimistic hopes. The United States made that mistake in the Civil War. So did Great Britain in the South African War. Each nation paid dearly for her optimism. And so it befell with the German war plans. The conflict dragged on. Even the requirements of interest on war loans reached before the end the huge sum of 5½ billion marks (p. 119). And ultimately the great credit machine broke down under the impossible burdens placed upon it.

The meaning of all this is clear enough. It was understood before the war by the leaders in every other nation. Great Britain made unprecedented demands upon her taxpayers from the start. The United States was equally courageous. Even France, handicapped by a weak and obsolete tax system and with no love of taxes, did not turn her back upon taxation in the German fashion. It is impossible to believe that the German authorities were ignorant of these simple principles of war finance. It is at least difficult to believe that they would thus have staked their all upon one long chance unless compelled thereto by some other powerful consideration.

In the opinion of the reviewer the explanation is to be found in the constitutional weakness of the imperial government in the matter of taxation, and Professor Rist brings the point out clearly (p. 121).

When the empire was established, difficulty was experienced in finding for it a revenue system of sufficient magnitude and independence. The several states had already appropriated to themselves the most fruitful sources of revenue and, in spite of the important functions assigned to the new imperial government, the states were unwilling to make any material concessions. So the constitution marked out the financial boundary: direct taxation and industrial earnings to the states, indirect taxes to the empire. Deprived thus of the most effective sources of revenue, the empire has faced a continual struggle to make both ends meet. The states, the ancient stronghold of reaction and privilege, fought every move to strengthen the imperial finances at their expense. The empire was forced by growing expenses to cultivate

to the utmost the field of indirect taxes. Only twice was the empire permitted to invade the sacred domain of direct taxation. In 1906, the succession taxes were given over to the empire, and in 1913, with a boldness that should have advertised Germany's war plans to the world, the *Wehrbeitrag* (extraordinary defense contribution) and the *Vermögenszuwachssteuer* were established (p. 123).

So Germany girded herself for war, seemingly prepared at every point, but with one fatal weakness in her armor, the inability to levy direct contribution upon the wealth and incomes of her people. With the public already restive under the burden of multiplied indirect taxes, with the states still obstinately defending their ancient monopoly of direct taxation, necessity pointed the path for the imperial government. Borrowing was the only recourse.

To the American student this lesson is of especial interest, on account of our own similar experience. The Constitution of the United States virtually deprived the federal government of recourse to direct taxation through the rule that such taxes must be apportioned among the states according to their population. Up to the time of the Civil War, indeed, the government had failed to make effective use even of indirect taxation outside of customs duties on imports. Hence it is not surprising that the financing of the Civil War, as of the War of 1812, grounded on the rocks of insufficient taxation. Direct taxes, under the Constitution rule, were tried and failed. A new system of indirect taxes did not get well started till near the war's close. It is an interesting, though uncomfortable, exercise to speculate upon the probable fate of our national finances in the World War if the sixteenth amendment had not just in the nick of time led to the establishment of an efficient federal income tax.

The imperial German budget during the war was divided into two parts, the extraordinary war budget, to be covered entirely by loans, and the ordinary budget, including interest, which it was hoped would be met by taxes. In spite of economy in other ordinary expenditures, the rapid growth of the interest charge soon made impossible the task of balancing the budget without asking any contribution from the taxpayer. But, in spite of alarming deficits, the original plan was not abandoned till 1917, with the resort to direct taxation in the form of the *Kriegsteuer*. Other taxes followed, which are described in detail by Professor Rist (pp. 125-136), but which must be passed over here. The change of policy came too late to save the day, already lost in the flood of paper money. The evidence as to the yield of taxes is obscure and conflicting. Professor Rist estimates that at the very outside the per capita burden of all taxes did not much more than double between 1914 and 1918, during which period the imperial taxes were certainly not more than trebled. Considering the easy position of the German

taxpayer in 1914 and the depreciated currency in which the 1918 figures are expressed, this is moderate indeed.

For the future the most significant result of Germany's tax experience was the final triumph of the empire over the states. In the new Constitution, following the military debacle and the political revolution, we find the financial revolution accomplished. Henceforth the imperial government has sole authority in the field of direct taxation, including the income tax, formerly the backbone of the state tax systems. And the railroads, once the chief source of industrial earnings, are likewise taken from the states and bestowed upon the imperial government. Henceforth the states and communes must occupy the position of financial dependence, supported by fixed shares in the great imperial direct taxes.

From the beginning the German leaders looked forward to war indemnities as the means by which the vanquished should pay the victor's war costs, the rôle of victor being of course played by Germany. In an interesting chapter devoted to this subject, Professor Rist summarizes the writings of various German authorities before and during the war, whose happy anticipations in 1915 were illustrated by the exclamation of Lamprecht and List: "It is a joy to be living in these times of ours." To this the author remarks dryly that "since 1915 the joy of living has considerably diminished in Germany" (p. 216).

The most important part of this chapter is that which deals with the prospects of German reparation payments to France. On this topic Professor Rist speaks with such sound common sense and such clear understanding of economic principles that one could wish his book had more influence upon French public opinion.

The futility of expecting a huge indemnity in gold is shown. Aside from a moderate stock of gold and foreign securities, Germany's capital consists of her lands and buildings, her factories and mines. Even though title to these be given to the Allies, the capital itself is not physically removed. The titles are good only to the extent that the product of German industry is sufficient to pay interest and dividends. Only in German products can Germany pay an indemnity. And the Allies can receive payment in only two forms, either in German products or in bills of exchange on other countries to which German products have been sold. In either case Germany's ability to pay is dependent upon her foreign trade. The "boycott" of German goods is incompatible with the collection of indemnity. The "economic war" may be a useful diplomatic weapon in time of war; it has no place after the enemy's defeat except to serve the selfish interests of individuals. And this leads directly to the obvious conclusion that protectionism and indemnity can not work in double harness. The

absorption of this uncomfortable economic principle is one of the first steps necessary to the world's economic recovery.

The last chapter, "Since the Armistice," and the appendix describing "Germany's Financial Situation in July, 1920," are interesting reading, in particular the discussion of the ambitious and courageous plans by which the ill-fated Erzberger hoped to restore financial order. This, however, is really part of another story, whose end is not yet in sight. Detailed review of Professor Rist's discussion, already partly out of date, would not be worth while. The two outstanding features of Germany's *post bellum* finances are the failure to balance the budget and the reckless issue of paper money. The budget for 1920, according to the official figures presented by Finance Minister Wirth to the National Assembly on April 26, 1920, showed expenditures of 55 billion marks and receipts of 25 billions, an expected deficit of 30 billions (pp. 276-8). A summary of the 1921 budget made in December⁶ indicated total expenditure of 234 billion marks, revenues of 72 billions, and a consequent deficit of 162 billions to be covered by loans. A preliminary estimate of the budget for 1922 made in February⁷ shows a deficit to be covered by credit operations amounting to the enormous sum of 183 billion marks. If past experience is any guide, this figure is very likely to be increased.

As we should expect, the accompaniment of this deficit financing is reckless paper-money inflation. The circulation of Reichsbank notes before the war was less than two billion marks (1,890 million marks on July 23, 1914). At the close of hostilities the circulation was 17½ billions (on November 7, 1918). During the next year this huge sum was doubled (35,698 million marks on December 31, 1919). It doubled again in 1920 (68,805 million marks on December 31, 1920) and all but maintained the geometrical progression in 1921, the figure standing at 113,639 millions on December 31, 1921.⁸ On February 15, 1922, the sum of 115,755 millions had been reached.⁹ The increase from two to sixteen billions during the war was impressive enough. But that was only a beginning. Scarcely more than three years of peace have witnessed an eightfold increase of the unprecedented figure of October, 1918. The final chapter of Germany's war finance is a record of unbalanced budgets and paper-money inflation. What the end will be remains to be seen.

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⁶*The Economist*, Dec. 17, 1921, p. 1067.

⁷*Ibid.*, Feb. 18, 1922, p. 279.

⁸*Ibid.*, Jan. 14, 1922, p. 62.

⁹*Ibid.*, Feb. 25, 1922, p. 427.

FOREIGN TRADING ZONES IN OUR SEAPORTS

(Free Zones; Free Ports)

A foreign trading zone is a section of a seaport established and equipped to facilitate the transshipment and reëxport trade. The operation of customs regulations and the supervision of customs officials, in our ports as at present constituted, hinders the free movement of goods simply transhipped at the port on their way from one foreign country to another. Still more do these factors hinder the repacking, reconditioning and mixing operations involved in the reëxportation of goods that once enter our warehouses.

The foreign trading zone is a part of the port surrounded by a customs barrier. In this section are piers and warehouses. Here, without customs supervision, ships can dock, discharge, load; and goods be transhipped or put into store, rehandled, and later exported. Only when the merchandise leaves the zone for the American interior, is it inspected and its duty assessed. These piers and warehouses are as little concern to the customs as if they were in Nassau. The zone is treated as it if were foreign territory. In it the freedom from customs supervision hastens the turn-around of ships, stimulates the transshipment and reëxport business, provides the basis for the development of an international consignment market as at London, increases the volume of the ocean-borne cargo to and from the port, and so improves its steamship services. The foreign trading zone is a necessary tool of the seaport in a protectionistic country if it desires to act as middleman handling traffic moving between foreign lands.

The advocacy of foreign trading zones in our country is ten years old. It started with the "discovery" of the Hamburg Free Port, which had been in operation thirty years. Free ports were demanded here. The movement found opposition from the protectionists, who interpreted the name free ports to mean the opening of entire ports like New York to the unrestricted entrance of foreign goods. The advocates changed the name to free zones, indicating that only part of the port would be thus privileged. But free zones were still accused of being related to free trade. So the name free was dropped entirely and today the name is foreign trading zone. The term free zone is less unhandy and will be used herein.

Most of what is said and written of free zones is based upon the operation of the Hamburg Free Zone before the war. The institution was invented in 1882; it arose as the solution of a crisis which in that year came upon the city-state of Hamburg.

Although it had become a member of the German Empire, formed ten years earlier, Hamburg had never entered the German Customs

Union. Hamburg's trade with Germany was no larger than its trade with the Baltic, a business that had its roots several centuries back. If Hamburg entered the German Customs Union, which in 1879 adopted a high protective tariff, all goods landed at the port would then be subject to the payment of duties under the German tariff. No system of bonded warehouses or refunds of duties paid was deemed adequate to remove the handicaps which this customs procedure would place upon the transshipment and reëxport trade with the Baltic, precariously developed in competition with London. That is why Hamburg remained aloof from the German Customs Union.

Bismarck wanted Hamburg in the Customs Union and he finally had his way. But it was not until Hamburg had developed a scheme for retaining the same advantages for her commerce and her transshipment that she had enjoyed before 1882. That scheme was the free zone. Bismarck allowed Hamburg to reconstruct her port as a free zone, and the Empire contributed forty million marks to the reconstruction. When the free zone was completed, it was the Port of Hamburg, comprising over 1200 acres of land and water with a complete equipment of piers, sheds, cranes, warehouses, basins, railroads tracks and yards, roadways and manufacturing sites. The entire district was surrounded by customs barriers. On the land, this barrier consisted of a stockade with openings for railroad tracks and roadways, guarded by customs officials. On the water, the barrier was a floating palisade with openings through which water-carriers might pass, likewise guarded by the customs. Nearly all of the free zone was on the left bank of the Elbe. The city of Hamburg itself was on the right bank and hence in the German Customs Union.

The German customs officials had no more to say about what went on in the Hamburg Free Zone than they had to say about what went on in Long Island. In the free zone goods could be, with complete freedom, transhipped from one vessel to another for further carriage—all Hamburg lines found it to their advantage to be in the free zone. Or merchandise could be mixed, packed, cleaned, manipulated, and branded. It could be held in warehouse subject to the demands of markets at home or abroad. Even manufacturing in the free zone was permitted, though this never attained a large development save in shipbuilding and ship-supply industries such as biscuit factories. The point is that all these operations went on innocent of any customs interference, supervision, or regulation.

When dutiable goods that had been landed in the free zone to be stored, handled, or manufactured were trucked across the river to Hamburg or forwarded inland by rail or river barge, they were assessed the standard German customs duties, whether they were raw ma-

terials or finished products. Under the operation of the free zone the Empire lost nothing in the collection of revenue. Duties were collected as soon as any goods were determined for German consumption and forwarded. But the process of assessing this revenue was concentrated upon the few points of egress of the free zone, not dispersed over all the piers in the port, as is the case in this country, where customs officials descend upon every ship that enters, their meticulous procedure bringing expense and delay upon the discharging of the ship and the removal of its cargo from the pier.

The British ports have not needed free zones because Great Britain has been a free trade country. No device was required to eliminate harassing British customs regulations. The free zone is not necessary for Great Britain. It was designed to enable a port in protectionistic Germany to compete on an equal footing with British ports in the transshipment and reexportation trade.

During the European war there was much speculation regarding an increase of our proportion of the world's trade after the conflict. There was also much talk of New York replacing London as the financial center of the world. This involves replacing her as international middleman and the world's consignment market for raw materials. Merchants at once explained that our customs procedure interfered with any such development here. Investigations showed how Hamburg by means of the free zone had reconciled a high protective tariff with a facility equal to England's in the development of a consignment market and reexport trade.

In 1917 and 1918 the United States Tariff Commission held hearings throughout the country on the subject of free zones and recommended to Congress that it pass permissive legislation authorizing the creation of a free zone in each port of entry. Both Senate and House committees have held hearings on the subject, and in both branches of Congress there have been bills providing for such permissive legislation at every session since 1918.

There is no subject more earnestly and constantly discussed than the problem of increasing the volume of our oversea trade and supplying larger cargoes to the steamship lines originated by our new merchant marine. The free zone project is an attempt to increase our oversea trading in a direction in which it has been particularly deficient. It is interesting to examine just what a free zone would do for an American port, considering what free zones have done for exports elsewhere, notably in Hamburg and Copenhagen.

A free zone is usually characterized as a facility designed to aid the reexport trade. The primary, and perhaps most important, of the benefits which it confers upon a port is little mentioned in the Ameri-

can discussions of the subject. First of all, the freedom from customs supervision in a free zone hastens the unloading of ships and hence their turn-around.

Customs regulations prescribe in minute detail the procedure to be followed by vessels entering or clearing at our ports. Penalties for failure to observe this procedure often fall heavily upon tramp captains. Captains and agents of regular lines frequenting a port can reduce the initial delay to a few hours. A separate set of customs inspectors must be endured by each vessel. Only by taking out a bond and by paying double compensation for the overtime of the customs employees, is it possible to unload at night, or on Sundays and holidays. And this permission to unload over hours, is given only to vessels that have been designated as common carriers by the Secretary of the Treasury.

When dutiable merchandise has left the ship, it cannot be removed from the pier forthwith to make space for other cargo. It cannot be removed until it has been weighed, sampled, or gauged by the customs officials and until they have given permits for its removal. The congestion thus caused slows up the discharge of the steamer. The Tariff Commission heard much testimony of the handicap which the customs regulations place upon the economical use of the steamship piers.

Contrast this procedure with what would happen to a ship in a free zone of an American port. The pilot would bring the vessel from the open sea to her berth at the free zone. Once thus berthed, the vessel would discharge by day or night, overside or on the pier, and there would be no limitation upon her hours of discharge, whether she were tramp or common carrier. Dutiable goods could discharge upon trailers and these be moved directly to the supporting warehouses back of the pier. The pier's floor could be cleared as rapidly as the ship discharged. There would be an increase in the handling capacity of these berths compared with those outside the free zone. The turn-around of every ship there would be expedited. On the average, 60 per cent of the operating cost of voyage lies in the terminal expenses. Reduce these largely by giving the ships better service in the free zone, and few lines could afford not to berth there, other things being equal.

Another element that would make the free zone a desirable berthing place is that its facilities would be modern, in many cases a newly constructed port unit. In contradistinction to the old parts of the port, the piers would be of size adequate to take the large cargoes of modern liners and would all be served by a belt line connecting with all rail-carriers of the port. There would be modern freight-handling machinery to hasten the transfer between pier, shed, and vessel. There would be adequate supporting warehouses adjacent to the piers. This

latter facility is one whose absence is almost unexplainable in many American ports. At Baltimore and Philadelphia there are no warehouses within a long distance of the oversea piers. There are none in New York, excepting at the great private ocean terminals at Long Island and Staten Island. So the free zone, furnishing the excuse for the construction of modern terminal units, will further cheapen and hasten the turn-around of vessels in the port.

There has long been a superstition that our bonded warehouse system has sufficiently served our needs in the reëxport trade. A merchant can place dutiable goods in such a warehouse, give the government a bond equal to double the duties assessable thereon, and pay duty on such goods only when he withdraws them from bond. If he sells them abroad, he can load them on a steamer and escape the payment of any duty whatever.

There are many things which a merchant would like to do, forbidden him under bonded warehouse regulations. For example, he is forbidden to alter the original package in which the goods were placed in bond. At the hearings before the Tariff Commission, a New York importer of Swiss laces told his experience. He imported his goods in heavy cases and had them in bond in New York. Making sales to South America, he desired to repack the goods in lighter covering, since they were to pass customs duties that were levied on the gross weight of the importation, package as well as goods. As this repacking was forbidden in bonded warehouses in New York, he was obliged to forward his cases to a British West Indies port, where the repacking was performed.

Before the war a large volume of Argentine tobacco went to the Hamburg Free Zone and was there sorted and repacked and reshipped back to South America, to United States and all parts of the world. It was impossible to get that business for New York because of the operation of the bonded warehouse system. Tobacco as it comes from the Argentine is badly done up; it must be cleaned and repacked or it will rot. Our regulations forbid it being repacked in bond. If it is cleared—that is, if the customs duties are paid on it—it can be cleaned, repacked and exported, and a drawback collected from the government equal to 99 per cent of the duty paid. But the duty is paid on the gross weight of the tobacco brought in. The drawback is collected on the net weight sent out, the spoiled tobacco having been in the meantime thrown away, unfit to export.

In the British ports, and in Hamburg before the war, there has always been a heavy reëxport trade based upon such operations as the mixing of teas and coffees, the cutting of wines, the packing and bottling of foreign goods under British and German brands, and their

subsequent reëxportation. The bonded warehouse system makes no provision for such operations. At the hearings regarding the free zone, American merchants testified as to various uses they would make of it, impossible now. It would be possible there to clean and improve grades of corn and coffee too low to be permitted importation into the country at the present time. They would not then come into the country; they are not in this country until they cross the customs line. The lowest grades could be reëxported to Central American countries whose standards are less exacting than ours. Soya beans, pepper, matches, and gum from the Far East could likewise be graded and sent into the American interior or reëxported according to the conditions of the market. Rice could be cleaned, conditioned, and similarly disposed of.

Somewhat different from the reëxportation trade is the transshipment trade: merchandise that does not pass through warehouses at all but simply moves in transfer from one ocean carrier to another at the port. Such transfer movements within a free zone would be conducted with greater freedom than attends these movements by means of bonded car, truck, or lighter within an American port today.

Beyond doubt London's rise as the great consignment market for the raw materials of the world was due largely to the fact that Great Britain was the chief manufacturing nation and hence the chief market for such materials, and to the fact that London was a money market able to finance the holding of this merchandise. These vital factors in the location of the consignment market at London might not have prevailed if the goods thus consigned had faced the prospect of being locked up in bonded warehouses upon arrival, subject to inspection only at the pleasure of the customs guard and forbidden rehandling. A necessary element in a consignment market is that merchants and buyers, domestic and foreign, shall have free disposition over the merchandise therein. Free zones will create the basis for such a consignment market in this country.

The technique of the London consignment market is well known. Many raw products of the colonial and the less developed countries come upon the market during a harvest period of from one to three months. Their consumption is spread over the entire year. Somewhere they must be held during the period from production to consumption. British merchants, British financial power, British ship-owners, concentrated them at London, where they were graded and sold to all the world. The producer put his goods on board ship, cabled a London merchant or broker, drew on him for, say, 80 per cent of the current value of the merchandise, and received the balance upon sale. Thus there was concentrated in the warehouses of London a

large proportion of the world's supply of Argentine and Australian wool, Egyptian and Indian cotton, East Indian and Brazilian rubber, rice from Indo-China, tea from Ceylon and China; mahogany, ivory and palm oil from the West Coast of Africa.

Every interest in Great Britain profited from the concentration of raw materials at London. British brokers, dealers, and banks made money from this international trade that passed through their hands. The British manufacturer got his pick of materials. He bought by direct inspection, not by description or grade. He bought in small quantities; he had no necessity of carrying heavy stocks. He bought cheaper than his rivals abroad, for they paid his price plus the freight rate from England.

The British shipowners profited by carrying these products to England, and again carrying them from England when they had been bought at the auctions of the consignment market by purchasers from foreign lands. Great Britain enjoyed a better equipment of ocean services, because of its consignment market and its reexport trade. More ships were required to bring the materials inbound to England than if they had been bringing only English supplies. More ships sailed outbound from England because the cargo that offered was not only England's products, but also these reexports from other lands.

The volume of Great Britain's reexports, before the war, averaged 20 per cent of her domestic exports. In 1913 her domestic exports were £525,254,000; reexports were £109,567,000. That is, Great Britain as an international middleman contributed one fifth as much to the total volume of trade as did Great Britain as a producer. That proportion was maintained in 1919, but in 1920 the enormous spurt of British domestic exports set a pace too rapid for reexports, whose proportion dropped from 1:5 to 1:6. In 1919 Great Britain's domestic exports amounted to £798,635,000. "Foreign and colonial" exports amounted to £164,749,000. In 1920 the domestic exports were £1,335,569,000; the reexports, £222,405,000.

Great Britain's statistics of her exports to us show how largely her trade with us consists of reexports from other lands. In 1919 (latest figures) she sent us \$33,913,000 of domestic British products. Her exportation to us of "foreign and colonial" products amounted to \$31,600,000. The leading items of these reexports to us were rubber, \$6,790,000; cotton, \$5,906,000; hides and skins, \$4,285,000; wool, \$2,832,000. The few available 1920 figures show that Great Britain in that year sent us \$15,640,000 of cotton, \$6,310,000 of wool, \$6,890,000 of rubber.

Our own figures of reexportation seem rather insignificant in comparison. In the fiscal year 1914, our reexports amounted to \$35,000-

000, out of a total export trade of \$2,365,000,000. The reexports were thus about 1.5 per cent of the total. In the calendar year 1919, our reexports had risen to \$170,000,000, which was slightly over 2 per cent of the total exports of \$7,920,000,000. In the calendar year 1920, our reexports of \$148,000,000, were well under 2 per cent of our total exports of \$8,229,000,000. All this time Great Britain's reexports have remained about 20 per cent of her domestic exports. No sign here that we are replacing her as the financial and commercial center of the world.

Our transshipment trade is included in the caption "in-transit and transshipment trade" in the government figures. If we subtract from the total of these figures the merchandise moving to or from Canada (in transit) the remainder is the true transshipment trade. Such subtraction decimates the figures. Our transshipment trade thus ascertained amounted to \$21,000,000 in 1914, \$44,000,000 in 1918, \$44,000,000 in 1919, and \$76,000,000 in 1920.

The question arises whether a reconsignment market could not develop in an American port without the creation of free zones. It could if the raw materials which are the subject of such a market were duty free. But many of the most important of these materials are subject to duty; among them wool, rice, hides and skins. Only the abolition of customs control, as in a free zone, can provide for these articles the basis of a consignment market in freedom in grading, cleaning, reconditioning, mixing, inspecting.

The opponents of free zones contend that the United States has not the strategic location of Hamburg or Copenhagen with respect to adjacent foreign countries. These ports lie across the through routes between oversea and lands on the Baltic or in the European interior. It is an act of stopping-in-transit for Hamburg to hold and distribute merchandise moving in this trade. For goods to be warehoused in American ports, and thence reexported, would mean an unnatural diversion of through routes. But if there is not a saving, a commercial advantage, in the use of American free zones, they will not be used. Our unstrategic location with respect to the reexport trade is more apparent than real. A glance at the Great Circle routes used by ships shows that our North Atlantic ports have, with respect to the trade between Europe and the West Indies and the Caribbean, a position comparable with that of Hamburg with respect to the trade between the Baltic and oversea. We too have adjacent countries on the same continent whose trade we should like to handle: Canada and Mexico.

It is contended that free zones will facilitate the entrance of European manufactures into our market by providing them with convenient

duty-free storage, whence they can promptly be forwarded into our interior or sent to ruin our trade with adjacent countries. Free zones will promote commerce at the expense of manufacturing. There is truth in this argument. Yet Europe will export to us and to nearby American countries, free zones or no free zones. That is, Europe will thus export or she will die. If her exports to other American countries can be intercepted in our free zones, our merchants, bankers and shipowners can profit from the trade. In the reverse direction, the free zone will intercept raw materials and foodstuffs going to Europe. Europe's industrial recovery will require much American financial aid. It is not hard to imagine such aid in connection with the shipment of merchandise to the New York free zone, for storage and disposal as the market dictates.

Some free zone opponents take the position that free zones are not needed and would not be used; others hold that they would be used and would injure our export trade. Both contentions are probably wrong. Free zones would be used; they would not largely injure our export trade; rather they would aid in the creation of a new form of export trade, now lacking.

If Congress passes the permissive legislation, the realization of free zones need not await the construction of new port terminals. The Government Army War Bases in various Atlantic and Gulf ports, have been or are being turned over to public corporations for commercial use. Each of these bases is a self-contained unit of piers and warehouses. It need only be surrounded by a fence to become a free zone. Army bases ideally suitable for such use exist at Boston, New York, Philadelphia, Norfolk, Charleston and New Orleans. At some of these a free zone can go into operation within a few weeks after the bill becomes law.

The experiment is worth trying. The most recent bills in Congress authorize the Secretary of Commerce to grant to a public corporation in each port of entry the right, at its own expense, to establish a foreign trading zone, wherein merchandise may "be brought into a zone and there stored, exhibited, broken up, repacked, assembled, distributed, refined, cleaned, mixed with foreign or domestic merchandise or otherwise manipulated and reexported." The Secretary of the Treasury is to assign to the zone the necessary customs officials and guards. The established duties are to be collected on all merchandise brought inland from the zone. No persons are allowed to reside there except those officials whose resident presence is deemed necessary by the Secretary of Commerce. No retail trade is to be conducted within the zone. The privilege of manufacturing within the free zone, contained in the earlier bills, is omitted in this one. The advantage of the manu-

facturing privilege, of course, is that it enables a plant to work imported raw materials into a product for export without the difficulties and red tape that now beset manufacturers who pay duties on such imported raw materials and attempt to collect drawbacks upon exportation. However, few American manufacturers could afford to locate in the free zone. On all products seeking the American market they would, on passing the customs line, pay the high duty on finished products, while their rivals inland would pay the lower duty on imported raw materials.

In the fog of discussion as to means of improving our foreign trading position, the free zone looms up like a beacon.

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COMMUNICATION

Grain Standardization

The AMERICAN ECONOMIC REVIEW for June, 1921, contains a short article on *Grain Standardization*, part of a paper read at Atlantic City, December 29, 1920, by Mr. H. Bruce Price. There is one aspect of grain standardization that this does not examine though it may have been covered in a part of the paper that was not published. In a general way there is a presumption that the grain that is graded as of the highest quality according to the standards of inspection is really the best suited for economic use. Now this is not necessarily true. Wheat that may have all the external appearances of being of the first quality may yet be lacking in the vitality that will make it actually a first-class milling commodity. The subtle influences of climate and soil composition may give the kernel hardness, color, fullness, weight—in short, may endow it with all the appearances that would commonly be taken as the *indicia* of quality. Yet quality may be lacking. Nor is this peculiar. A moment's reflection will remind one that the finest looking apple of a particular variety may not equal in its distinctive excellencies a less handsome specimen of the same variety grown under different conditions. Wheat offers a parallel illustration.

The significance of this fact has been revealed in the laboratories that are becoming a recognized adjunct of the larger milling establishments. The great milling companies are finding it pays them to have made a careful analysis of the wheat that comes from different districts of a supply territory, in order to guide more successfully their buying policy. In certain mills by carefully compiled card-index systems kept through a number of years these companies are able to form very definite conclusions as to the actual quality of wheat grown in certain districts, no matter what official grade may be placed upon it. The result is that grain from some districts sells at a premium, even though its technical grade would not appear to warrant it. Buyers are sent into this territory or the cars are "spotted" in the railway yards at inspection centers and selected for purchase. On the other hand carloads from other districts are given a wide berth. They are sold on their official grading but they pass on to the export market or go to mills less alert or less scientific in the management of their business.

The wider aspects of this economic classification working beneath the official system open up problems too fundamental to be dealt with in a short note, however worthy they may be of consideration. (1) As yet I do not think there is any ground for complacency as to the efficiency of the methods of grain standardization. The system is too crude, is necessarily rough and ready, and does not get close enough to the essential value-creating element in the grain. (2) If in any really large degree the

milling companies are combing the officially graded supplies and selecting therefrom the best for their own mills, what about the quality of grain that is exported from the American continent? Must not its reputé suffer? Parenthetically, I may add that I am not in a position to estimate the extensiveness of the practice. There is no doubt that it takes place. (3) How far are official standards reflected in the value of wheat lands? Values in certain districts rest largely upon the ability of the soil to produce year after year wheat of the first quality according to official classification. Yet this particular wheat may be lacking in the best qualities for which it is intended to be used. Factitious values in wheat lands may be created by imperfect methods of classification.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Risk, Uncertainty and Profit. By FRANK H. KNIGHT. Hart Schaffner and Marx Prize Essays, XXXI. (Boston: Houghton Mifflin Company, 1921. Pp. xiv, 381. \$3.00.)

The chief contribution which Professor Knight makes to the stock of ideas current in economic theory is a distinction between "risk" and "uncertainty." The term risk as commonly used really covers two things which,.....in their causal relations to the phenomena of economic organization, are categorically different..... The essential fact is that "risk" means in some cases a quantity susceptible of measurement, while at other times it is something distinctly not of this character.....a *measurable* uncertainty, or "risk" proper,..... is so far different from an *unmeasurable* one that it is not in effect an uncertainty at all (pp. 19, 20).

This distinction between uncertainties that can and that can not be measured Professor Knight raises to high theoretical importance by a clever exposition of pure economics. Note the steps in his argument:

Economics is the study of a particular form of organization of human want-satisfying activity.....called free enterprise or the competitive system (p. 9).

The primary attribute of competition.....is the "tendency" to eliminate profit or loss, and bring the value of economic goods to equality with their cost.....But in actual society, cost and value only "tend" to equality; they are usually separated by a margin of "profit," positive or negative (pp. 18, 19).

The fundamental difference between "the perfect competition of theory and the remote approach to it which is made by the actual competition of, say, twentieth-century United States" is the absence in the first case and the presence in the second case of uncertainty, properly defined. Hence the dominating importance of this concept for economic theory. Along with the characteristics which differentiate the world of pure theory from the world of experience, uncertainty supplies the explanations of interest and profits.

Anyone acquainted with the exposition of economic theory from Jevons and Clark to Wicksteed and Schumpeter can forecast the course of the discussion which follows. First comes the "analytical construction of a perfectly competitive society" (p. 174). Then the suppositions in this construction which diverge from "real life" are modified or dropped one by one. Of course most of the time-honored issues of economic theory come up for comment in the course of the journey, and on each of them the writer has something to say—some-

thing which must be classified and catalogued by the erudite sojourners in this land of speculation. As chapter succeeds chapter, the sophisticated reader gains a pleasant sense of traversing familiar country with a guide who has found new by-paths and who selects a novel pausing-point from which to survey each of the well-known landscapes. And Professor Knight has the merit, common among "pure theorists," of always knowing where he is and telling where he is going next. As he says in the preface, this book "represents an attempt to state the essential principles of the conventional economic doctrines more accurately, and to show their implications more clearly, than has previously been done. That is, its object is refinement."

Whether this characterization will excite or deaden interest depends upon the make-up of the reader. But even those who prefer a very different type of economic theory should taste the book before putting it aside. For the distinction between risk and uncertainty is not less valid to the realistic economist than to the pure theorist. Moreover, Professor Knight plays the dialectical game with delightful skill. His book is thoroughly organized as a whole, well written in detail, and not over long. It is the fresh work of a young man of marked ability who has profited by the teaching of Alvin Johnson, Allyn Young, Herbert Davenport, and Maurice Clark—a young man interested in economic history and philosophy, and one who has had the self-control to rewrite his disquisition twice before going to press. Anyone who wishes to see what can still be accomplished in economics along the conventional lines of pure theory will scarcely find a better or pleasanter sample to study. And anyone who wishes himself to cultivate pure theory will find here abundant provocation of the sort he likes. With a little ingenuity he can make as many occasions for differing from Knight's "rigorous thinking" (p. vii) as Knight makes for differing from Clark and Fisher, Fetter and Davenport.

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The Ricardian Rent Theory in Early American Economics. By JOHN ROSCOE TURNER. (New York: New York University Press. 1921. Pp. xix, 201.)

Professor Turner has examined critically the economic writings of Raymond, Everett, Phillips, McVickar, Cooper, Newman, Wayland, Vethake, Cordoza, Tucker, Carey, Bowen, Bascom, Amasa Walker, Perry, and some lesser economists. He has explored a mine of interesting contributions which has been practically neglected by American economists of this generation. And this neglect of their own by the American economists has resulted in a similar neglect on the part of foreign economists. Gide and Rist, in their *History of Economic Doctrines*, mention only four of the fifteen economists whose writings

Turner discusses in detail. And even in these instances there is usually *a bare reference to the name of the economist, the work of Carey alone* receiving extensive consideration. For example, Dr. Neill's work on Raymond is mentioned in a footnote (p. 277). But Gide and Rist do not credit Raymond with sole responsibility for the inspiration of List's national system of political economy. Similarly, McVickar is mentioned on page 349 as quoted by Seager. A footnote on page 550 indicates a reference made to Amasa Walker by F. A. Walker. Excepting for the theories of Carey, Gide and Rist ignore the work of the early American economists.

Even Haney, in his *History of Economic Thought*, refers to only eight of the fifteen economists in question. And the majority of these are mentioned only incidentally, Carey again being the only one selected for detailed discussion. Raymond is barely mentioned (p. 239, 297); Everett's book is listed in a bibliography (p. 211); Wayland's name is given as one of the writers in a specific period (p. 514); Bowen, Amasa Walker and Perry are named as critics of the law of diminishing returns and of the Malthusian theory of population (p. 511, n). Bowen is named as one of those influenced by Carey (p. 249) and as a professor at Harvard (p. 516). Perry, along with Walker and Bascom, is called a product of the Civil War period (p. 514) and is referred to as a professor at Williams (p. 516). All in all, the early American economists have not received adequate study either by the European or by the American economists. Had Professor Turner done nothing more than focus attention on these contributions, interesting alike for their historical bearing and for the keenness of the analyses, his work would have justified itself.

In his introduction to Turner's book, Professor Fetter explains this neglect of the early economists on the ground that the learning of the economists in America suffered by contrast with that of their English contemporaries and also because of the "dominance of Ricardian economics in America" (p. viii).

Professor Turner gives an explanation for the tardy development of economics as a science in America as contrasted with its earlier scientific formulation in England. Our institutions of learning emphasized the classics in their curricula and our public men centered their attention mainly upon the tariff, currency, and political issues to the neglect of economics as a science (p. 5). Further, the severe industrial problems which gave rise to the study and development of economics as a science in England were not present in America where prosperity and an outward look featured the life of the people. The question of distribution was, therefore, not such a vital one in America as in England (p. 4.).

In his introductory chapter Turner subjects the Ricardian theory to a critical analysis. Ricardo, he holds, approached the rent problem through his theory of value, a labor-cost theory. This necessarily forced him to exclude rent from the elements constituting cost and led to the view of rent as a surplus, a theory which Turner does not accept. Turner approaches rent through the capitalization process and regards all cultivated land as valuable and thus as rent-bearing (p. 12). He classifies land as one of the forms in which capital is invested, in this respect placing himself definitely with that group of modern economists which has rejected the classical trilogy.

Ricardo's rent theory, according to Turner, is obscured by his shifting from commodity rent to money rent and by a confusion of the individual and the national points of view (p. 18). But the whole Ricardian analysis is to be explained by the industrial conditions of England at the time he wrote. Ricardo was influenced by his desire to make out a case against the landlord class. He based his analysis upon historical diminishing returns. Carey, on the other hand, held a dynamic view as opposed to the static one of Ricardo. Thus there was really no clash between the two; they merely posited different conditions, and it is not true, as commonly held, that Carey rejected the Ricardian theory. Carey's problem was simply one of proportionality (p. 140).

In like manner, Turner holds that Amasa Walker in his rejection of the Malthusian theory of population was assuming a dynamic state, whereas Malthus was reasoning from a static point of view (p. 173). Turner rejects the prevailing opinion that Walker accepted the Ricardian rent theory and shows that the former considered land as one form of capital (p. 177).

In general, Turner explains the rejection of the Malthusian and the Ricardian theories by the peculiar economic conditions in the newer country. Here population was the scarce factor and land was the one present in bountiful supply. The economic view of America was one of optimism and prosperity; that of England one of economic ills and pessimism. The outstanding conclusion which one derives from an examination of Professor Turner's book is that the economists in any country usually reflect in their theories the environment in which they live. The book might well have been called "an economic interpretation of economic theory."

To the reviewer it appears that the title of the book does not indicate clearly the scope of the work. True, it is a critical examination of the Ricardian rent theory, but it is something more than that. The emphasis is placed on rent but the author subjects to critical analysis the other economic doctrines held by the men whose works are studied.

The biographical notes given in the case of each economist furnish a background on which his theories stand out in bold relief. In so far as his own views are concerned, Professor Turner takes here the same position which he championed in his *Introduction to Economics*, a book in which he shows himself to be a representative of that American school of economists some of the outstanding members of which are Professors Irving Fisher, Fetter, and Davenport. The book is a real contribution to economic literature and, it is to be hoped, will act as a stimulus for further studies in which the other cardinal principles of the early American economists will be considered in detail.

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NEW BOOKS

BIRCK, L. V. *The theory of marginal value*. Studies in economics and political science, no. 63, London School of Economics and Political Science. (London: Routledge. New York: Dutton. 1922. Pp. viii, 351. 14s.)

BOUCKE, O. F. *The development of economics 1750—1900*. (New York: Macmillan. 1921. Pp. 348.)

The value of an historical survey of the theories concerning some particular economic problem has often been demonstrated, most notably in Böhm-Bawerk's great work. As background to such special studies the student needs a general view of the development of the principal schools of economic thought and the relations between them. For this, however, principles of selection and arrangement are not easily determined, and none have been consistently followed in the general histories of economics. Indeed the standpoints and specific doctrines of every important period, in their diversity, defy classification.

Professor Boucke has achieved some unity by putting forward the philosophical and psychological preconceptions of the different systems of economic thought and his book merits attention on that account. It treats not of "individual writers or small groups of them," but of "currents of thought as a whole," the entire development from 1750 to 1900 being considered under four heads—Naturalism, Utilitarianism, Historism, and Marginism. The reduction to four groups is something of a *tour de force* and strict adherence to it could obviously not be achieved. Thus, in the chapters on Naturalism, it became necessary to treat of Adam Smith apart from the Physiocrats. His inclusion under Naturalism brings him nearer to the Physiocrats than to the classical school of English economists and there are some things to be said for this grouping. But would it not have been better to give him a chapter to himself? In the chapter on Utilitarianism there is of necessity mention of a considerable number of writers who are not utilitarians and who follow independent lines of thought. Under Historism we have a discussion of both Collectivism (in a very broad sense) and the Historical School proper. It would seem wiser to take the collectivists by themselves, to differentiate more clearly between the earlier and the later historical schools, and perhaps also to give a separate treatment of the Romantic school,

whose significance in the history of German economics is beginning to attract attention.

The book touches on too many problems to be summarized within the bounds of a review. Professor Boucke allows himself so little space for his wide survey of economic systems and their philosophical backgrounds that it is impossible for him to satisfy the critical reader. Vague generalizations, indeed, are pretty well avoided, but in the effort to make condensed and yet explicit statements, our author becomes cryptic. That he can write clearly and forcibly appears when he forgets the limits imposed on himself and allows his discourse to expand. He has obviously matter for a good book of more than twice the size of the one which he has written. Unlike most writers he might be counselled to amplify rather than contract.

G. A. KLEENE.

Trinity College.

- BOUGLÉ, C. *Leçons de sociologie sur l'évolution des valeurs.* (Paris: Lib. Armand Colin. 1922. Pp. xv, 287. 7 fr.)
- CONRAD, J. *Leitfaden zum Studium der politischen Oekonomie.* Part I, Nationalökonomie. Second edition. (Jena: Fischer. 1921. Pp. viii, 137. 9 M.)
- EDIE, L. D. *Principles of the new economics.* (New York: Crowell. 1922. Pp. 550. \$2.75.)
- EPPICH, E. *Die philosophischen Grundlagen der Nationalökonomie.* (Munich: Rösl. 1921. Pp. 138. 10 M.)
- FETTER, F. A. *Modern economic problems.* Vol. II. Second edition, revised. (New York: Century. 1922. Pp. 611. \$2.75.)
- GIDDINGS, F. H. *Studies in the theory of human society.* (New York: Macmillan. 1922. Pp. vi, 308. \$3.)
- GONNARD, R. *Histoire des doctrines économiques de Platon à Quesnay.* (Paris: Nouvelle Lib. Nationale. 1922.)
- HECHT, J. S. *The real wealth of nations, or a new civilization and its economic foundations.* (Yonkers-on-Hudson, N. Y.: World Book Co. 1921. Pp. x, 350. \$2.40.)

In two ways this book resembles the famous work the name of which is paraphrased in the title: first, the author begins with a foundation laid in the eighteenth century and virtually constructs thereupon a completely new system of economics; second, a goal is fixed toward which most of the reasoning leads. However, the trend of Mr. Hecht's argument is exactly opposite to that followed by Adam Smith; for while "The Father of Political Economy" sought to demonstrate the superiority of *laissez faire* over all other systems, and especially the advantages of freedom of trade, Mr. Hecht believes strongly in regulating almost every phase of economic activity and, most of all, in controlling foreign trade and exchange.

Throughout the book, orthodox economic theory is roundly condemned. Economics is treated as a branch of ethics, and the book is devoted to describing what ought to be done under each set of circumstances mentioned. Values based upon supply and demand are denounced as unethical, and, as a substitute, Mr. Hecht would compel all exchanges to be

made upon the basis of relative costs as measured in terms of days' supplies of necessaries consumed by the workers during the process of production. Much stress is laid upon the distinction between necessities and luxuries; also upon the difference between skilled and unskilled labor. All advance in civilization is ascribed to the superior skill of some of the workers, especially the entrepreneurs. It is contended that a nation's economic policy should be so framed as to strengthen industries employing much skilled labor and to protect the reserves of national resources.

The author seems to have taken pains to include in his creed as many as possible of the popular theories which orthodox economists believe to be exploded fallacies. Trade is placed without the pale of production and merchants are therefore considered to be annoying parasites—though withal somewhat necessary. "Intrinsic" values are deemed to be unchangeable qualities of commodities. Most problems of population as well as those of money and finance are lightly waved aside as unworthy of serious consideration. The book is characterized throughout by broad assertions supported by relatively little evidence. The theory evolved gives the impression of having been woven by a very loose process of reasoning from a warp consisting of newspaper and street-corner economics and ethics and a woof composed of hazy impressions garnered from the writings of various economists. The conclusions based upon this quality of principles necessarily fail to convince the reader of their validity.

Such strength as the book possesses lies in the fact that it contains many good illustrations of accepted economic truths and that it emphasizes such fundamental ideas as the necessity of maintaining production and of conserving natural resources.

WILLFORD I. KING.

HOBHOUSE, L. T. *The elements of social justice*. (London: Allen & Unwin. 1922. Pp. ix, 208.)

HUSSLEIN, J. C. *Work, wealth and wages*. (Chicago: Matre & Co. 1921. Pp. xiii, 159.)

KIEKHOFER, W. H. *An outline of the elements of economics*. Fourth revised edition. (Menasha, Wis.: George Banta Pub. Co. 1921. Pp. 135. \$1.25.)

LAUCK, W. J. *Economics and human welfare. Address before conference on governmental efficiency*. (Richmond: Virginia League of Women Voters. 1921. Pp. 11.)

MAGEE, J. D. *Problems in economics*. (New York: Scribner's. 1922. \$2.50.)

MATICH, H. *Die Entwicklung der vergleichenden Wirtschaftstheorie*. (Essen: G. D. Baedeker. 1921. Pp. viii, 69. 14 M.)

MOELLER, H. *Die sozialökonomische Kategorie des Wertes*. (Vienna: Franz Deuticke Verlag. 1922. Pp. 100. 25 M.)

MUKERJEE, R. *Principles of comparative economics*. Two vols. (London: King. 1921. Pp. 364; 452. 15s; 18s.)

PARK, R. E. and BURGESS, E. W. *Introduction to the science of sociology*. (Chicago: Univ. of Chicago Press. 1921. Pp. xxi, 1040. \$4.50.)

This book of readings, skilfully woven together by introductory and interpretative passages, will prove a welcome aid to those called upon to administer general sociology to the undergraduate. It presents an abundance of interesting material grouped under the titles, Human nature, Society and the group, Isolation, Social contacts, Social interaction, Social forces, Competition, Conflict, Accommodation, Assimilation, Social control, Collective behavior, Progress. Most of it is drawn not from literature labelled "sociology," but from the writings of specialists in other fields and particularly from the investigators and observers of psychological phenomena. One almost gets the impression that sociologists let other people do the work and merely contribute an impressive and suggestive terminology. The editors are members of the department of sociology of the University of Chicago.

G. A. KLEENE.

PHELPS, F. W. and MYRICK, J. B. *Utilitarian economics; a series of fifty utilitarian values.* (Seattle, Wash.: School of Utilitarian Economics, 826 Seaboard Bldg. 1921. Pp. 261. \$2.)

VON PHILIPPOVICH, E. and SOMARY, F. *Grundriss der politischen Oekonomie.* Vol. II, *Volkswirtschaftspolitik.* Part II. Tenth edition revised. (Tübingen: Mohr. 1921. Pp. 343. 75 M.)

ROBERTS, G. E., editor. *Economics for executives.* (New York: American Chamber of Economics, Inc. 1921.)

SELIGMAN, E. R. A. *Principles of economics, with special reference to American conditions.* Ninth edition revised. (New York: Longmans, Green and Co. Pp. liv, 711. \$3.)

This volume is substantially a reprint of the eighth edition, published in 1919. Chapters and paragraphs in the table of contents are identical and the paging has been preserved. The work of revision has been limited to an extension of some charts and tables of statistics to cover the intervening two years. Considering the intensity of student and public interest, the stimulating character of the materials involved, and the supreme importance of a correct apprehension of the issues, it seems deeply regrettable that the widely popular text is, as yet, so slightly affected by the events of the Great War.

C. E. P.

SIMPSON, K. *Economics for the accountant.* (New York: Appleton. 1921. Pp. xi, 206. \$2.)

The accountant and the economist deal with substantially the same data, though from different perspectives and for different purposes. The economist views things mainly from the broader social aspect, but the accountant is interested for the most part in facts as they affect the individual employer or entrepreneur. Necessarily, the accountant's usefulness will be greatly handicapped unless he has a thorough understanding of the functioning of the economic system of which his concern is part.

An attempt is made in this brief text to summarize for the benefit of the accountant the general principles of economics. As far as it goes it does very well in outlining the subject-matter and pointing out the fundamentals. However, as might be expected from such a short treatise, much to be desired has been left undone or covered only to a very limited

degree. For instance, distribution has been covered in twelve pages, rent as a cost item in two pages, depreciation as a cost item in three pages, good-will in three pages, valuation of capital goods in six pages, and taxation in nine pages.

M. J. SHUGRUE.

TAUSSIG, F. W. *Principles of economics*. Vol. II. Third revised edition. (New York: Macmillan. 1921. Pp. 576.)

VON KOCH, F. M. *On the theories of free trade and protection: a survey and a criticism*. (London: King. 1922. Pp. 34. 1s.)

Property, its duties and rights historically, philosophically and religiously regarded. Essays by various writers with an introduction by the BISHOP OF OXFORD. New edition. (New York: Macmillan. 1922. Pp. xxiv, 243. \$2.)

Economic History and Geography

NEW BOOKS

ALZONA, E. *Some French contemporary opinions of the Russian Revolution of 1905*. Columbia University studies in history, economics, and public law, vol. C, no. 2. (New York: Longmans Green. 1921. Pp. 117.)

BABELON, E. C. F. *Les monnaies grecques; aperçu historique*. (Paris: Payot. 1921. Pp. 160. 4 fr.)

BIDOU, H. and others. *Les conséquences de la guerre*. Conferences organized by the society of former pupils of l'Ecole Libre des Sciences Politiques. (Paris: Lib. Félix Alcan. 1921. Pp. 189. 7 fr.)

BOISSONADE, B. *The travail dans l'Europe chrétienne au moyen âge*. (Paris: Lib. Félix Alcan. 1921. 18 fr.)

BRAND, R. H. *War and national finance*. (New York: Longmans Green. 1921. Pp. xii, 287. \$5.)

BRINCKMEYER, H. Hugo Stinnes. Translated by A. B. KUTTNER. (New York: Huebsch. 1921. Pp. ix, 150. \$1.50.)

Contains chapters on the Mining Trust and the Electro Mining Trust. Final two chapters are entitled "Stinnes and the socialization of industries" and "The significance of Stinnes in German economic development."

BRYCE, J. *International relations*. Eight lectures delivered in the United States in August, 1921. (New York: Macmillan. 1922. Pp. xii, 275. \$2.50.)

Lecture III, entitled "Non-political influences affecting international relations," discusses commercial and economic interests, as, for example, international trade, tariff, fishery rights, international finance.

ERNST, R. *Die Eingliederung der vertriebenen Elsass-Lothringer in das deutsche Wirtschaftsleben im Augenblick seines Tiefstandes*. (Berlin: Vereinigung Wissenschaftlicher Verleger. 1921. Pp. viii, 187. 20 M.)

FISHER, O. P. *Autobiography of Orrin Paul Fisher, banker and financier*. (San Francisco: San Francisco Pub. Co. 1921. Pp. vii, 347.)

- FOURNIER, J. *La Chambre de Commerce de Marseille et ses représentants permanents à Paris 1599-1875*. (Marseilles: Barlatier. 1920. Pp. 334.)
- FULLER, W. D. *American industries*. (New York: Macmillan. 1922.)
- GILBERT, B. *Old England, a God's-eye view of a village*. (London: Collins. 1922. 20 s.)
- HARPER, W. H., editor. *Chicago, a history and forecast*. (Chicago: Chicago Assoc. of Commerce. 1921. Pp. 256.)
- HAZARD, B. E. *The organization of the boot and shoe industry in Massachusetts before 1875*. (Cambridge, Mass.: Harvard Univ. Press. 1921. Pp. x, 293. \$3.50.)

The author has made a careful study of the genesis and development of the boot and shoe industry in Massachusetts to 1875. An interesting feature of the volume, imposed upon the author for want of printed material, is the record of oral sources obtained from some thirty or more persons born from eighty to one hundred years ago, all of whom were engaged at one time or another in the shoe business. In addition, Miss Hazard had access to record and account books, as well as to the customary range of newspapers and histories. The adequacy of these sources, and the care in the treatment of the material, render the volume a valuable contribution to the history of one of our most important industries. An appendix, covering upwards of half the volume, contains extracts from a number of inaccessible sources. The history of the industry is traced in order through the various phases of home and handicraft manufacture, and in the domestic and factory stages. A final chapter is devoted to The Human Element in the Boot and Shoe Industry.

According to the author, the information gathered in her research seems to confirm "inductively and with definite evidence of the transitions, the stages of evolution set forth by Karl Bücher," with the qualification that "although the stages are distinct as to characteristics and essential features, they are not so as to time, for overlaps and survivals occur." Apparently there were two phases of the home stage, namely, purely home-made boots and itinerant cobbler's work. Likewise, the handicraft stage is marked by two phases, namely, bespoke work, and extra-sale work. These features are studied in connection with the development of the industry in New England towns.

Three phases are noted in the domestic stage. The first, covering the years from 1760 to 1810, is the putting-out system. The second, dating from about 1810 to 1837, is characterized chiefly by "specialization in processes and the rise of the central shop." The third phase, covering the years from 1837 to 1855, is distinguished by various characteristics, including the growth of distinct boot and shoe centers, the expansion of the business to secure new markets and new classes of trade, and hence the introduction of new styles and of a great variety of shoes. The California and frontier trade begins to have a pronounced effect on the industry. Meanwhile, "a new stage of organization came in the boot and shoe industry, bringing to an end not only the third phase but the main life of the domestic stage, where the putting-out system had prevailed and the entrepreneur had worked in his central shop while the domestic workers labored in their 'ten-footers.' Only the 'making,' i.e., lasting and bottoming, of sewed shoes continued to be done by domestic workers far into the next period, until the McKay machine for sewing soles and

finally the Goodyear welting machine put an end to this last survival of the domestic system." Under phase one of the factory stage, covering the years from 1855 to 1875, the author discusses the growth of the new organization, of new financial problems, the effect of the Civil War on the boot and shoe industry, the rise of modern labor problems, and other subjects peculiar to this period.

ISAAC LIPPINCOTT.

HEBERT, F. *Forty years prospecting and mining in the Black Hills of South Dakota.* (Rapid City, S. D.: Rapid City Daily Journal. 1921. Pp. 199.)

HERSENT, G. and others. *L'outillage économique de la France.* Conferences organized by the society of former pupils of l'Ecole Libre des Sciences Politiques. (Paris: Lib. Félix Alcan. 1921. Pp. 237. 8 fr.)

KEYNES, J. M. *A revision of the treaty.* Being a sequel to *The economic consequences of the peace.* (New York: Harcourt, Brace & Co. 1922. Pp. viii, 242. \$2.)

LANDAU-ALDANOV, M. A. *Lenin.* Authorized translation from the French. (New York: Dutton. 1922. Pp. ix, 241. \$3.)

OSGOOD, E. L. *A history of industry.* (Boston: Ginn. 1921. Pp. 430. \$1.72.)

As this handy text traces human industry from the time of the stone age to the present, including the countries of the ancient Orient, Europe, and America, each subject is necessarily treated in the briefest possible paragraphs. The title is somewhat misleading; this is not true history, as it records results mainly, not the causes also which produced those results. It is a broad survey or outline of the chief phases of industrial development. It aims to show to high-school students economic laws in action in the past as a preliminary to a short course in economics in which they can apply these laws to the problems of today. A sketch of the whole field of industry in the United States occupies the last quarter of the volume. The colonial period is handled in two chapters, one setting forth general industrial conditions in the colonies, the other describing the various industries and trades carried on. Next, the development between 1808 and 1865 is summarized in twenty pages under the heading *The Industrial Revolution*. A short chapter of eight pages states the effects of the Civil War on economic conditions, and the last thirty pages deal with industry since 1865. The illustrations are exceedingly well chosen; for these the Metropolitan Museum of Art has been largely drawn upon. The author's teaching experience appears in the excellent arrangement of the material, and in the use of bold-face type to indicate leading subjects and italics for the sub-divisions. There are the usual topics for discussion and reading references.

AMELIA C. FORD.

PARKER, E. H. *China, her history, diplomacy, and commerce from the earliest times to the establishment of the Chinese Republic in 1917.* (New York: Dutton. 1922. \$5.)

PASVOLSKY, L. *Russia in the Far East.* (New York: Macmillan. 1922. Pp. ix, 181. \$1.75.)

PETTIGREW, R. F. *Triumphant plutocracy. The story of American*

- public life from 1870 to 1920.* (New York: Direct Sales Book Agency, 31 Union Square. 1922. Pp. 445. \$1.)
- PROUT, H. G. *A life of George Westinghouse.* (New York: Scribner's. 1921. Pp. xi, 375. \$2.50.)
- STEWART, W. J. *Keir Hardie: a biography.* With an introduction by J. RAMSAY MACDONALD. (London: Cassell. 1922. Pp. 387. 15 s.)
- WELBOURNE, E. *A social and industrial history of England. Modern times.* (London: Collins. 1922. Pp. 212.)
- The American Jewish year book, 5682, October 3, 1921, to September 22, 1922.* Vol. XXIII. Edited by H. SCHNEIDERMAN. (Philadelphia: Jewish Pub. Soc. of America. 1921. Pp. x, 423.)
- The proceedings of the Hague Peace Conferences. The conferences of 1899 to 1907, index volume.* Division of International Law of the Carnegie Endowment for International Peace. JAMES BROWN SCOTT, director. (New York: Oxford Univ. Press. 1921. Pp. viii, 272.)
- The revival of American business.* Edited by C. H. CRENNAN. (Philadelphia: Am. Academy of Polit. and Soc. Sci. 1921. Pp. xxviii, 196.)
- The Westover journal of John A. Selden, Esqr., 1858-1862.* Edited by J. S. BASSETT and S. B. FAY. Smith College studies in history, vol. VI, no. 4. (Northampton, Mass.: Smith College, Dept. of History. 1921. Pp. 257-330.)
- Year book of the state of Colorado, 1921.* (Denver: State Board of Immigration. 1921. Pp. 145.)

Agriculture, Mining, Forestry and Fisheries

NEW BOOKS

- ADAMS, R. L. *Farm management; a textbook for student, investigator, and investor.* (New York: McGraw-Hill. 1921. Pp. xx, 671.)
- BAILEY, L. H. *Cyclopedia of farm crops.* (New York: Macmillan. 1922. Pp. xvi, 699. \$6.)
- BIZZELL, W. B. *Farm tenantry in the United States. A study of farm tenantry and its economic and social consequences on rural welfare with special reference to conditions in the South and Southwest.* Bulletin 278. (College Station, Texas: Texas Agri. Experiment Sta., Division of Farm and Ranch Economics. 1921. Pp. 408.)

After an introduction of more than one hundred pages, in which the author, finding the origin of farm tenantry in the feudal system, traces its development through the centuries to the United States, he summarizes the theories of the principal early economists on the subject and gives a classification of the practical forms of land tenure today.

The chief problems of tenantry in this country are stated as follows: "The effect of agricultural production on cultivation of land by a number of tenants out of due proportion to actual farm owners; the undesirability, from the standpoint of agricultural production, of a large farm population composed of farm tenants who have abandoned hope of acquiring a farm home; the undesirability, from the standpoint of the good of the rural community, of a large farm population composed of tenants who

are economically and socially indifferent to community betterment; the inadequacy of farm tenantry as a moral and religious asset."

The indicated social effects of farm tenantry may be summarized: a lower intellectual standard of living, causing a decreased interest in education and lowering the moral standard of tenants; indifference to religious, civic and social affairs of the community.

Economic effects of the system are given as follows: "(1) depletion of soil fertility; (2) impossibility of maintaining proper rotation of crops and the application of other scientific methods under a transient tenantry system; (3) a general reduction in the average farm income; (4) economic income influences to a large degree standards of living and cultural opportunities. The average income of the farm tenant is too low to secure these advantages."

The chief interest of the author is in the problems of the farm tenant, which he considers in the light of the inadequate labor income, the influence of land values, of crop production, and of size of farms; the form of lease; the methods of financing tenant farm operations; the influence of immigration.

The all-inclusive problem of the farm tenant, the author points out, is the attainment of farm ownership. The chief factors in this problem are (1) an inadequate labor income; (2) speculation in land values; (3) unsatisfactory credit facilities. To aid in the solution of this problem, the author suggests (1) compensation for improvements made by the tenant upon the farm that he occupies; (2) taxation of land value in the form of a graduated tax, as an encouragement to ownership; (3) improvement of agricultural credit facilities by means of state legislation to supplement the Federal Farm Loan act; (4) suitable land settlement policies for the encouragement of private, semi-private, and state-aided colonization; (5) the establishment of legal agencies to prevent speculation in land values; (6) the reform of the present system of land transfers; (7) the establishment of a more attractive, wholesome, and comfortable rural home life.

The conclusions are the best part of the book, the body of the text showing little internal evidence of original research on the subject; but the author has made good use of a large number of studies on the various aspects of tenancy throughout the country. There is a helpful bibliography.

ALEXANDER E. CANCE.

BRADLEY, W. W. *California mineral production for 1920; with county maps.* (San Francisco: Calif. State Mining Bureau, Ferry Bldg. 1921. Pp. 217.)

CHISHOLM, G. G. *Handbook of commercial geography.* Ninth edition, revised. (New York: Longmans, Green. 1922.)

DURAN, L. *Raw silk: a practical handbook for the buyer.* Second revised edition. (New York: Silk Pub. Co., 1123 Broadway. 1921. Pp. 216. \$3.)

GARSDIE, A. H. editor. *Standard cotton mill practice and equipment, 1921.* (Boston: National Assoc. of Cotton Mfrs., 45 Milk St. 1921. Pp. 180.)

GUEST, G. *An introduction to English rural history.* (London: Workers' Educational Assoc. 1920. Pp. 68.)

- JENKINS, J. T. *History of the whale fisheries*. (London: Witherby. 1922. Pp. 336.)
- JOHNSON, C. A. *Coal, oil, gas and electricity; our natural resources*. (McKeesport, Pa.: Author, 324 Fifth Ave. 1921. Pp. 107. \$5.)
- KEATINGS, G. *Agricultural progress in Western India*. (New York: Longmans, Green. 1922. Pp. xii, 253. \$2.)
- MCADAM, D. J. *Coal, government ownership or control; government ownership of navy coal land and control of the coal industry*. (New York: Authors & Publishers' Corporation, 440 Fourth Ave. 1921. Pp. 188. \$2.)
- NIEMI, S. *Mesabi iron range of Minnesota; a bibliography*. (Eveleth, Minn.: Eveleth Pub. Library. 1921. Pp. 18.)
- PROTHERO, R. E. *English farming past and present*. Third edition. (New York: Longmans, Green. 1922. \$4.)
- REW, SIR R. H. *The story of the agricultural club*. (London: King. 1922.)
- SMEDLEY, G. B. *Oil and gas laws of Texas. 1921 edition. Oil and gas rights in state lands*. (Dallas: Martin Stationery Co. 1921.)
- WOODS, K. S. *The rural industries round Oxford. A survey made on behalf of the Institute for Research into Agricultural Economics, University of Oxford*. (Oxford: Clarendon Press. 1921. Pp. 180.)

This study was made in a district which lies within thirty miles of Oxford, England, and includes an area of some fifty miles square. Account is given of several industries, including the woodland occupations, barrel-hoop making, cooperage, the besom industry, hurdle making, chair-leg turnery and chair manufacture, osier cultivation and basket making, leather dressing, ready-made clothing, machine and hand-knitting, and the lace-making industry. The inquiry includes the crafts practiced in the homes and small work-shops and factories, where little capital is invested. "The object of the study was to ascertain what rural industries existed, the reasons for their localization, their present position, and prospects for future development."

The report shows that there are certain localities where land unsuited for agriculture does yield raw materials suitable for use in local crafts and industries; that there exists skill in producing useful commodities; and that there are people residing in these localities who have time and inclination to apply to manufacture of many different commodities for a local market. It is quite impossible, however, for these local resources to compete with large-scale production for a general market. Rural organization for production and marketing is lacking, and transport facilities are poor and cost of carriage high. There is a deplorable lack of educational facilities, and wretched local government in town and country. Wherever large-scale production exerts an influence, organized labor is entering to affect hours of work and wages. The better classes of young workers are being drawn away to the industrial centers and even unskilled laborers are able to receive high wages, which makes them unwilling to serve apprenticeships in the local crafts and trades.

As a remedy, the two most necessary lines for development are better facilities for education and improved means for transportation. It is not

considered desirable to stimulate household industries to supplement the family income of those who are unable to follow other occupations, for this leads to low wages and the sweating system. Lace making, knitting, ready-made clothing, dressmaking industries, while not economically profitable as whole-time occupations, may be profitable to those otherwise unemployed or unemployable, as, for example, the old, the unfit, and the young who are still at home.

WILLIAM LLOYD DAVIS.

University of Wisconsin.

Annual report on the mineral production of Canada, 1920. (Ottawa: Dept. of Mines. 1921. Pp. 80.)

Education in forestry. Educational bull. 44, 1921. (Washington: Supt. of Docs., Gov. Prtg. Office. 1921. 10c.)

Milk and milk products. Report of the Federal Trade Commission, 1914-1918. (Washington: Gov. Prtg. Office. 1921. Pp. 234.)

This report undertakes to present the leading facts pertaining to costs, prices, profits, and various business practices in the milk and milk products industries during the war. Particular attention is given to the condensed and evaporated milk market and it is shown that the profits in these businesses were rather large, though not exceptionally so as compared with many other businesses.

The marketing of butter, the profits made by the trade, the amount paid the farmer, the relative merits of the coöperative and the centralized creamery are carefully discussed. A brief study of market milk is given. The last chapter deals with government control.

B. H. HIBBARD.

The Missouri year book of agriculture, 1921. (Jefferson City: State Bd. of Agri. 1921. Pp. 475.)

The production of coal and coke in Canada, 1920. (Ottawa: Dept. of Mines. 1921. Pp. 36.)

The relation of land tenure to the use of the arid grazing lands of the southwestern states. Dept. Agri. bull. 1001. (Washington: Supt. Docs., Gov. Prtg. Office. 1922. 15c.)

World atlas of commercial geology. Part II, *Water power of the world.* (Washington: U. S. Geological Survey. 1921.)

Transportation and Communication

NEW BOOKS

ATTERBURY, W. W. *The public can secure the railroad service it wants.* (Philadelphia: Author, Pa. System. 1922. Pp. 17.)

BRADLEY, G. D. *The story of the Santa Fe.* (Boston: Richard C. Badger, The Gorham Press. 1920. Pp. 288. \$3.)

In this volume Professor Bradley traces the history of the Santa Fe from its beginning about 1864 to 1887. For several reasons the author selected the latter date as the concluding year for his narrative: "It was in this year that the Santa Fe built its line into Chicago and thereby became a transcontinental system; it was in 1887 that the passage of the Interstate Commerce act marked a new era in railroad history; and

it was in this year that the Santa Fe completed the colonizing of its land-grant. In fact the really interesting and romantic history of the road ends with this eventful date when the system attained substantially to its present size." As this quotation suggests, the author set for himself the task of telling an interesting story. In fact, the cover page contains the subtitle, "A Romance of American Enterprise." Considering the author's purpose the book is interesting and admirably well done.

The title, however, scarcely does justice to the contents of the volume; for it contains much historical detail which may be used to advantage by the student of American railways who reads for cold facts rather than for satisfaction of a "romantic" interest. The author's access to the records of the company gave him an exceptional advantage in obtaining accurate information. Professor Bradley did not go out of his way to select only the events in the history of the road which would make interesting reading, but boldly faced dry facts wherever it was necessary to give substance to the story. Thus the volume contains a very good account of the early methods of financing the road, its land and colonization policy, the development of branch lines, the expansion policy, the struggle for the critical passes in the Rocky Mountains, and problems of extension to the Pacific ocean and to Chicago. The first chapter is devoted to the Old Santa Fe Trail, and gives an account of the origin, development, organization and volume of the trade. Mr. Cyrus K. Holliday, described as "The Man with a Big Idea," is given credit for the conception of the idea which led to the founding and early development of the system, and a chapter is devoted to his work.

Some additions might have been made to the book without impairing the interest for the general reader—additions, by the way, which would have enhanced its value for the student. A shortcoming is the absence of maps; in fact, the volume contains only one, and this is not of the road but of one of the routes of the Santa Fe trail. It is rather difficult to follow the author's narrative of the expansion of the system without graphic illustrations. Moreover, interesting and instructive chapters might have been added containing as subject-matter such topics as construction and operation methods and problems, the part, if any, that this road took in the railroad evils of the times, the work of construction companies, the Santa Fe's experience with early attempts at railway regulation. The volume contains suggestions of struggles between the Santa Fe directorate and such financial geniuses as Gould and Huntington, but these features are not developed.

ISAAC LIPPINCOTT.

BROSSEAU, A. J. *Is highway transport an aid to the railroads?* (New York: National Automobile Chamber of Commerce, 366 Madison Ave. 1922. Pp. 8.)

An address before the Shippers Conference of Greater New York at the Merchants Association, reprinted from *Commercial Vehicle*, Jan. 15, 1922.

COWLES, W. G. *What is the matter with the automobiles?* (New York: The Insurance Soc. of N. Y. 1922. Pp. 25.)

DAGGETT, S. *History of the Southern Pacific.* (New York: Ronald. 1922. Pp. vi, 470. \$5.)

DIXON, F. H. *Railroads and government: their relations in the United States, 1910-1921.* (New York: Scribner's. 1922. Pp. xvi, 384. \$2.25.)

GARTNER, K. K. *Commentaries on the Interstate Commerce act.* (New York: Traffic Pub. Co., 150 Lafayette St. 1921. Pp. 173. \$3.)

GREEN, G. A. *Fundamentals in the operation of motor bus lines.* (New York: National Automobile Chamber of Commerce, 366 Madison Ave. 1922. Pp. 7.)

HANAUER, J. J. *What railroad earning power does the public interest require?* Testimony before the Interstate Commerce Commission, January 18, 1922. (New York: Assoc. of Railway Executives, 61 Broadway. 1922. Pp. 29.)

HANEY, L. H. *Railway traffic and rates.* (New York: La Fayette Institute, Inc. 1921. Pp. 44.)

This pamphlet may pass muster as a single unit in a series of lecture texts, but is by no means a complete discussion of a rather ambitious subject. It is subdivided under the following principal heads: classification of freight, freight rates, and rate structures in representative freight territories. There is also a discussion of certain general subjects covering diversion, reconsignment, demurrage, claims, and the like, which hardly belongs under the general head where it appears. The last three pages are devoted to a brief description of the Transportation act of 1920.

There are some important omissions. For example, nothing is said respecting waybills, interline billing, etc. A number of technical terms are used which, unless defined, would be puzzling to a layman in railroad traffic matters. What, for example, is an "order notify" shipment? There are several inaccuracies, perhaps the most important of which is the statement on page 43 that the section of the Transportation act providing for the "recapture" of one half the excess earnings over six per cent did not go into effect for two years, or until March 1, 1922. As a matter of fact, the provision was operative from March 1, 1920, for railways that did not accept the government guarantee, and from September 1, 1920, for railways that did accept that guarantee. On page 22 the author, while discussing the principles of government rate regulation, makes a statement that seems to run counter to his general thesis and also to the logic of the discussion. He says: "Rates should be adjusted as between commodities, so that in each case the *least* that shippers will pay just balances the *most* that the railways must charge." The two words I have italicized appear to be transposed, for the author's thought, as developed in the context, is that the *most* the shippers will pay should balance the *least* the railway must charge.

J. H. P.

HOOVER, H. *Economic factors in railway rate adjustment.* Statement before the Interstate Commerce Commission, Feb. 3, 1922. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 16.)

JOHNSON, E. R. and VAN METRE, T. W. *Principles of railroad transportation.* New edition. (New York: Appleton. 1921. Pp. xix, 617. \$3.5)

POWELL, F. W. *The railroads of Mexico.* (Boston: The Stratford Co. 1921. Pp. vii, 226. \$2.)

The material is grouped under three captions. Part I is concerned with the railroad policy of the present and during the period following

the Diaz régime. In this section the purpose is to present the facts upon which a present judgment of railway policy in Mexico may be based. Part II deals chiefly with the transportation history of the country. In part III are presented certain of the underlying conditions affecting the railway growth of the country. The titles of the two chapters of this section suggest the subject-matter, namely, "Relations with the government," and "Results, political and economic." The volume contains a very good railway map of Mexico, which, incidentally, gives some idea of the relation of these roads with those of the United States. An ample index affords easy reference to the contents of the volume. In addition, the author has provided a selected list of references on Mexico.

Part III will probably be of the most interest to American readers, for it is in that part that the author discusses the railroad policy of the country, together with the peculiarities of Mexican law in the administration of affairs of local concern and in their relation to outsiders. "In Mexico, a railroad concessionaire receives what is in effect a lease, for a definite term of years, of the line which he proposes to build, largely or wholly out of private funds; and the public authority in the end automatically assumes proprietorship over all fixed properties and an option upon those of a movable nature" (p. 167). An analogy in English law is the terminable leasehold system, common in London and not unknown in some of the older American cities, with the important difference that ground rent falls in the domain of private law.

Government control of railroads has been the policy from the beginning. The period from 1837 to 1880 was one of special legislation, the respective rights of the nation (or state) and of the concessionaires being set forth in detail in the concession. In 1880 was inaugurated a period of general legislation. Following the new policy, the president was authorized to amend contracts made for the construction of interoceanic and international railways. At this time an attempt was made to establish a consistent principle to govern all future concessions. Considering the investment point of view, the author says: "Shareholders are on a speculative basis."

ISAAC LIPPINCOTT.

WALDEN, C. F. *Tariff interpretation and rate construction*. (New York: Y. M. C. A. Press. 1921. Pp. v, 146.)

Interstate Commerce Commission reports. Vol. 61, *Decisions of the Interstate Commerce Commission, March-May, 1921*. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. \$1.50.)

Railway statistics for 1920. (Ottawa, Canada: Dominions Bureau of Statistics. 1921. Pp. 308.)

The reorganisation of British railways. The Railways' act, 1921. (London: Railways Clerks' Assoc. 1922. 6d.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

BOUNIATIAN, M. *Les crises économiques. Essai de morphologie et théorie des crises économiques périodiques et de théorie de la conjoncture économique*. Translated from the Russian by J. BERNARD. (Paris: Giard. 1922. Pp. xvii, 388. 25 fr.)

The author is well equipped to analyze the causes and conditions of economic crises, having already published *The History of Economic Crises in England, 1640 to 1840*, in German (Munich, 1907). The thesis of the book is an extension of that of Rodbertus that capital takes a constantly increasing proportion of the annual production of any country, that the capitalists have to invest a large part of their profits in new capitalistic enterprises, that effective demand for commodities does not increase at the same rate, and that under the present régime there must therefore recur times of over-capitalization and over-production ending in a crisis.

The introduction contains an able criticism of parts of the writings of Sismondi, Malthus, Lauderdale, and others who have treated of crises. Part I gives the analysis of different kinds of crises; part II deals with the causes of crises, and the author remarks "a crisis of the bourse constitutes the culminating point of an economic crisis; in reality it is an external phenomenon arising at the same time as deep disturbances in the processes of production and distribution." Part III deals with excessive capitalization. The book will repay study for the reasonableness of its contentions and the careful analysis of crises which is given in support of them. It is a pity that the author cannot give more statistics on which to base his closely reasoned arguments. The book contains acute criticisms and appreciations of Lescure, Turgan-Baranowski, Aflalian, and others who have written on the same subject in recent years. It also gives many interesting items by the way, for instance, that one of the criteria of crises is to be found in the amount of unemployment, and that this amount does not reach its maximum until at least four years after the crises began.

RALPH R. WHITEHEAD.

COOPER, C. S. *Foreign trade markets and methods*. (New York: Appleton. 1922. Pp. xv, 440. \$3.50.)

DIETZ, A. *Frankfurter Handelsgeschichte*. (Frankfurt: Kaiserplatz, 18. 1921. 80 M.)

Canada as a field for British branch industries. (Ottawa: Dept. of Trade and Commerce, Commercial Intelligence Service. 1922. Pp. 132.)

Is the Middle West interested in foreign trade? (St. Louis, Mo.: National Bank, Research and Statistical Dept. 1922. Pp. 6.)

Official report of the seventh National Foreign Trade Convention. (New York: N. F. T. C. Headquarters. 1920. Pp. xxxv, 863.)

Accounting, Business Methods, Investments, and the Exchanges

Problems in Sales Management. By HARRY R. TOSDAL. (Chicago: The A. W. Shaw Company. 1921. Pp. 637. \$5.)

The author defines sales management, as distinguished from the broader field of marketing, by stating that "sales management is not coextensive with marketing, for the reason that it deals only with those functions which are necessary for the distribution of goods manufactured or purchased for resale."

The problems included in the book are grouped logically in nine divisions:

(1) General administrative policies which may affect sales management itself.

(2) The building or reshaping of the sales organization, in accordance with particular conditions, the relations of sales to other departments, and the selection of personnel.

(3) Research and planning as a basis both for sales policies and sales operation.

(4) Sales policy, relating to the product, to methods of distribution, to prices—discounts, maintenance, and guarantee against decline,—to credit, to advertising and to cancellations, allowances and dealer helps.

(5) Methods used in carrying out these policies.

(6) Managing the sales force—training, compensation, supervision, coöperation and stimulation.

(7) The control of sales operation through accounts, records, statistics and reports.

(8) The financing of sales.

(9) The delivery of the orders.

To a field which is marked by extreme deficiency of organized material suitable either for classroom use or for the guidance of the sales executive, this volume makes two distinct contributions. It supplies, first of all, the problem material which is so valuable for the teaching of the subject, and which is often difficult to obtain in sufficient range. As stated by the author:

To develop the habit of passing judgment and taking action upon the basis of tangible and intangible facts in accordance with correct principles is the goal of scientific business training. It is our conviction that this training—this habit of making decisions upon facts and evidence rather than upon guesswork—can be best acquired through considering and discussing problems of the type which actually confront the business man in the course of his activities.

Second, there is presented to the reader, in organized fashion, a great deal of information of a descriptive sort, concerning the sales practices of a large number of firms in various industries. Hitherto such information has been available, with very few exceptions, only as it has been scattered through current business literature. This lack of organized information has handicapped teachers who did not have extensive business contacts, and has forced many sales managers to depend too much upon personal experience, instead of having accessible the experiences of others in similar situations. Supplementing the material itself is a complete and carefully prepared outline (summarized above) of the entire field of sales management.

The weaknesses of the work are due primarily to its being an initial

effort of its kind. The most serious of these is that in many of its problems the data given are insufficient to enable the reader to visualize clearly the situation which actually existed. It is difficult therefore, to perceive all of the factors which entered into the final decision. The result is that the "solution" to such a problem resolves itself into a statement of advantages and disadvantages, which, while valuable, does not compel the reader (or student) to reach a decision. The necessity of having all essential facts is particularly important in those cases in which the solution may justifiably be an alternative one, dependent only upon personal judgment, and in those cases in which decisions may ultimately hinge upon some seemingly minor points.

The same sort of difficulty is involved in some problems in which variable practice is revealed among firms in the same industry, without any statement of the reasons for variation. For example, in one problem (number 211) statements are made of the practice of ten automobile companies concerning the conditions on which dealer's advertising allowance is based, no two methods being exactly alike. The student is then asked which plan an eleventh company should use. The answer will of course depend upon assumptions which the student will be forced to make, a process which at once robs the situation of its reality, and so weakens to some extent its usefulness as an exercise of judgment.

From the viewpoint either of the teacher or the sales executive, the value of these problems would be greatly enhanced if the actual solutions thereof were available, although the difficulty already mentioned would not necessarily be overcome. If such a key (the publishers have intimated that it is forthcoming, obtainable wherever the book is used as a text) contains any additional factors to be considered, these should be embodied in the text. Also, for the benefit either of the student or the sales manager, a statement of the reasons why a certain decision was reached, would be of exceeding value.

This situation might have been partly met by specific footnote references to published sources, wherever these were available. Similarly, the bibliography, particularly the list of pertinent articles in periodicals, could have been made of more assistance by the simple device of classifying the items listed according to subject-matter.

Another question which may be raised is whether sufficient attention has been given to sales-management problems arising out of the readjustment period, a period which for many firms has meant a complete overhauling of organization, policies, methods and personnel. Some of the problems are concerned specifically with situations of this kind, and a great many others indirectly, but sales executives who read the book will hardly find as much suggestion as they might reasonably expect for their individual problems of readjustment.

Notwithstanding these criticisms this is a noteworthy contribution to the field of sales management, and is the most usable single text available at present.

VICTOR H. PELZ.

University of Wisconsin.

NEW BOOKS

ALLEN, C. R. *The foreman and his job. A handbook for foremen and for leaders of foremen's conferences.* (Philadelphia: Lippincott. 1921. Pp. 526. \$3.50.)

Contains chapters on "The foreman and the plant," "The departmental and the work job analysis," "Putting over the supervisory job," "The analysis of the distribution of the working force block into specific and detailed responsibilities," "The analysis of the human factor block," "The detailed analysis of the term relations block," and "The instructing job."

ARMSTRONG, G. S. *Essentials of industrial costing.* (New York: Appleton. 1921. Pp. xiii, 297. \$5.)

Essentials of Industrial Costing treats of "the principles and methods by means of which the cost of production may be derived." The volume contains little that is new, but rather attempts to present the subject-matter so that it may be easily understood and applied. After presenting briefly the necessity, the purpose, and the functions of costing, the author reviews the general types of cost systems and, as well, the methods of accumulating the costs against the product. Separate and well-written chapters discuss the costing of materials and of labor, and several chapters are given to the collection, allocation, and distribution of expense. Illustrations throughout the volume assist in clarifying the text, while typical expense statements show how the various expenses are brought together, and how the distributions are proved to be in agreement with the aggregate expense first obtained.

The author maintains that theoretical economics differs from the technique of business practice, and that *for accounting purposes* interest on capital owned is not a part of production cost. Of this most accountants are thoroughly convinced; many accountants will not, however, agree with Mr. Armstrong that depreciation for cost purposes includes decline in the market value of plant or equipment. Depreciation, for cost purposes, represents *expired capital outlay*, and, regardless of market appreciation or decrease in value of plant or other manufacturing equipment, the product of a given unit of plant must absorb the original cost, less residual value, of that equipment. Market appreciation or fall in price should not enter into the computation for costing purposes.

The tables of horsepower requirements of machine motors, of steam consumption, and of the annual horsepower costs in factory steam-power plants are interesting, and should many times prove of real value to the cost accountant.

One of the most important and most interesting considerations in all costing has to do with the over-absorption or under-absorption of burden due to abnormal production. The author provides an "abnormal business" account which is credited for the monthly or periodical over-absorption of burden, and is debited for the under-absorption of the

manufacturing expense. But shall we agree with Mr. Armstrong that the balance of this abnormal business account is to be written off through profit and loss at the close of each fiscal period? Is it not preferable to recognize the longer business cycle, and to use this account as the equalizer of cost fluctuations during this business cycle? The National Association of Electrical Manufacturers, the United Typothetae of America, and other leading manufacturers' associations are recognizing this factor and are providing for it through their uniform cost-finding systems. The United Typothetae, for instance, provides a reserve for overhead account for this purpose; this account is carried along from year to year, and if the estimates have been made properly will eventually clear itself. To safeguard against lean years, the commercial printer is urged to build up a credit balance in this account, and to carry in it continually "a safe reserve to be kept." If cost accounting is to mean anything in the modern business life of the country, it must recognize and provide not only for the monthly and fiscal periods, but also for the longer and somewhat uncertain business cycle.

The final cost statements and the relation of the cost records to the financial books are discussed and illustrated. The control of the cost records by the general financial records is emphasized—only as business generally comes more fully to recognize this need will cost accounts increase in accuracy and value. The author has in this volume brought us a fresh outlook and a new contact with cost accounting, and the book is a welcome addition to the already existing literature on the subject.

J. HUGH JACKSON.

BAYS, A. W. *The law of partnerships, with questions, problems and forms, and text of Uniform Partnership act, and Uniform Limited Partnership act.* American commercial law series. Second edition. (Chicago: Callaghan & Co. 1921. Pp. 156.)

BELL, S. *Accounting principles. Their use in business management.* (New York: Macmillan. 1921. Pp. xii, 482. \$3.)

In the words of the author, the aim of this book is "to present the principles of accounting in their relation to business management." After reading the book one must feel that the title does not define the subject-matter of the volume. Rather, about one half of the text deals with elementary accounting principles, while the remaining portion might properly be termed elementary bookkeeping.

Professor Bell approaches the subject from the balance-sheet viewpoint, and follows the discussion of the balance sheet with the introduction of the income statement. Most instructors in accounting will agree that this is a sound pedagogical approach to the science of accounts. The books of final and of original entry are then introduced in their natural sequence.

The discussion of depreciation and maintenance, of the methods of calculating time, and of the managerial uses of the financial and income statements, though elementary, is very good. The position of the item of deferred expenses in the balance sheet, and of discounts on purchases and on sales respectively in the income statement may be criticised, though it should be remembered that there is considerable difference of opinion regarding this. We believe most practising accountants would disagree with the author's entries in chapter 11—the reversal-entry method finding little favor with many accountants.

The real criticism of the book, however, is in regard to its general arrangement. The author mixes intermittently chapters dealing with the more advanced principles of accounting and those dealing with the most elementary bookkeeping practice. Thus, chapter 9 contains a very good discussion of depreciation, involving the use of logarithms in computing the annual depreciation allowances, while chapter 10 is given over to the relatively simple matter of the opening and closing entries in the transfer of a business. Again, in chapters 12, 13, and 14, where the author discusses very well the analysis, interpretation, and managerial uses of the balance sheet and of the income statement, we are led to hope that at last we have got past the bookkeeping practice—only to find chapters 15, 16, and 17 given over to such elementary topics as controlling accounts and special columns, the bill book, and to simple transactions illustrating their uses. And so it continues to the end of the volume.

The subject-matter is clearly expressed and the book is well printed. It contains a very usable table of contents and is fairly well indexed.

J. HUGH JACKSON.

BLANCHARD, F. L. *The essentials of advertising*. (New York: McGraw-Hill. 1921. Pp. vii, 322.)

The title of this book is rather misleading, for although the contents of the volume may be necessary to the equipment of a writer of advertising, the student will find little to aid him in getting his ideas successfully incorporated into an advertisement. The volume is really an information manual dealing with the problems and mechanics of the principal advertising mediums and with the organization of advertising personnel. In this province there is an abundance of facts and suggestions.

The layman will find the volume an excellent survey of advertising problems and their mechanics. The practical student of advertising will find all this of value, but will want to specialize his reading, to which end the book appends a bibliography of nearly seventy titles.

CHARLES LEONARD STONE.

CHEEL, E. C. *Coöperative accounting*. Part I, *Store records and accounts as worked out by Henry F. Christensen*. Part II, *Coöperative book-keeping*. (New York: Coöperative League of America. 1920. Pp. 15. 50c.)

CLARK, F. E. *Principles of marketing*. (New York: Macmillan. 1922.)

COLE, W. M. and GEDDES, A. E. *Solutions and answers for fundamental accounting*. (Boston: Houghton Mifflin. 1921. Pp. 108.)

CONVERSE, P. D. *Marketing, methods and policies*. (New York: Prentice-Hall. 1921. Pp. xx, 650. \$3.)

CONYNGTON, H. R. *Financing an enterprise*. Vol. I, *The enterprise* (pp. 1-228). Vol. II, *The organization* (pp. 229-434). Vol. III, *The financing* (pp. 435-651). (New York: Ronald. 1921. \$7.)

This is the fifth edition (other editions in 1906, 1907, 1909 and 1915) of a work of the same title hitherto published under the *nom de plume* of "Francis Cooper." The general plan of the work is the same as for the earlier editions. Changes are chiefly those caused by the expansion of the discussion. In this process of expansion a few new chapters have been added here and there to permit the presentation of certain considerations in greater detail than formerly and to permit the more extensive use of illustrative materials.

These books do not constitute a general work on corporation finance, as the title might be considered to indicate. Rather, they deal with the promotion, including financing, of new enterprises. The point of view is that of the man experienced in promotion procedure, and the work is replete with illustrations of and suggestions and advice concerning matters of all degrees of importance from the investigation of fraudulent schemes of the sea-water-gold-process type to the personal conduct and manners in New York of the out-of-town man with an idea to sell. Many, perhaps most, of the illustrations make very interesting reading. But there is danger, in the use of such material, of confounding principles with details that are not fundamental. And, of course, the reading of books can not remedy a serious deficiency of business acumen or of pleasing personality on the part of the would-be enterpriser or promoter.

These volumes are written from the private, acquisitive point of view, rather than from the social or public-policy point of view. This fact appears clearly in the discussion of the capitalization problem. For example, in discussing overcapitalization, the author says (p. 377): "Just what constitutes overcapitalization is too large a subject for discussion here. Unquestionably, any enterprise is entitled to capitalize up to its actual value as a going concern and as much beyond as is necessary to provide for legitimate present and future needs. It is usually entitled to capitalize any real profit probabilities. It may expand its capitalization to cover profit possibilities. Any capitalization on which it can reasonably expect to pay a fair dividend, after all proper reservations have been made, is hardly open to censure. Anything beyond this is overcapitalization." And to cite another instance, Mr. Conyngton states (p. 363) that the owners of a public utility "having secured their franchise, whether by gift, purchase, or other means (the italics are the reviewer's), are by law and custom entitled to regard it and capitalize it as they would any other private property." If this is so, what are the functions of our public utility commissions?

STANLEY E. HOWARD.

DAVID, D. K. *Retail store management problems*. (Chicago: A. W. Shaw Co. 1922. Pp. xxix, 1050. \$6.75.)

DREVER, J. *The psychology of industry*. (New York: Dutton. 1921. Pp. xi, 148. \$2.50.)

"There is a great deal of talk just now about a 'new' psychology. The reference is usually to Freudian psychology. But the real new psychology is much wider than the Freudian and kindred developments. Some of these developments may be 'new,' but they are certainly not psychology." Much of this pseudopsychology has been devoted to the problems of industry; even some reputable psychology dealing with this field either has been too technical for easy comprehension or has been devoid of economic appreciation. Drever's comprehensive volume combines the virtues of science and simplicity. Throughout the book there is caution against overstatement or hasty conclusion, but no indulgence in pedantic psychological discussion. The book can be readily understood by the layman who knows no psychology.

The author's organization of his material is admirable. He postulates his problems clearly and systematically; and in the discussion following, he quotes and describes in an attractive and interesting manner a number of experiments and studies quite unusual for the size of the book. In his

discussion of the problems of the worker, the problems of the work, and the problems of the market, Drever does not attempt an elaboration of any one subject. Rather, he aims to show in specific, concrete instances the varied and valid applicability of a scientific psychology to the many fields and problems of industry.

CHARLES LEONARD STONE.

- EDGERTON, E. I. and BARTHOLOMEW, W. E. *Business mathematics. A textbook for schools.* (New York: Ronald. 1921. Pp. 305.)
- EGGLESTON, D. C. *An ideal accounting system for a retail bookstore.* (New York: National Assoc. of Book Publishers, 334 Fifth Ave. 1922. Pp. 8.)
- FLETCHER, W. L. *How to get the job you want.* (Boston: Houghton Mifflin. Pp. x, 449. \$3.)
- FORBES, W. C. *The romance of business.* (Boston: Houghton Mifflin. 1921. Pp. vi, 258. \$1.65.)
- FROTHINGHAM, F. E. *Electric railway finance.* (New York: Am. Electric Railway Assoc. 1921. Pp. 10.)
- GARDNER, E. H. *New collection methods.* (New York: Ronald. 1921. Pp. 467. \$5.)
- GILBRETH, F. B. and L. M. *Process charts.* (New York: Am. Soc. of Mechanical Engineers, 29 West 39 St. 1921. Pp. 17.)
- GILLETTE, H. P. and DANA, R. T. *Construction cost keeping and management.* (New York: McGraw-Hill. 1922. Pp. 572. \$5.)
- HAWES, A. F. *A coöperative marketing of woodland products.* Farmers' bull. 1100. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. 5c.)
- HILL, O. *House property and its management.* (New York: Macmillan. 1921. Pp. 95. \$1.25.)
- HISCOX, W. J. *Factory administration in practice.* (London: Pitman. 1922.)
- HUEBNER, S. S. *The stock market.* (New York: Appleton. 1922. Pp. xv, 496. \$3.)
- KAVANAUGH, T. J. *Bank credit methods and practice.* (New York: Bankers Pub. Co. 1921. Pp. 241. \$2.50.)
- KIGGEN, H. J. *Practical business arithmetic.* (New York: Macmillan. 1922. Pp. xi, 404. \$1.40.)
- LADD, C. E. *A system of farm cost accounting.* Revised by J. S. BALL. Farmers' bull. 572. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 23.)
- LOOMIS, W. W. *Newspaper law; a digest of court decisions on commercial and legal advertising, subscriptions, contracts, official papers, libel, lotteries, contempt and copyright, classified and indexed for quick reference.* (La Grange, Ill.: Citizen Pub. Co. 1921. Pp. 112.)
- MAIRET, G. *Principles and practice of business.* (New York: Macmillan. 1921. Pp. viii, 301. \$1.60.)
- MEEKER, J. E. *The work of the stock exchange.* (New York: Ronald. 1922. Pp. xxiii, 633. \$5.)

MONTGOMERY, R. H. *Auditing theory and practice*. Vol. I, *General principles*. Third edition revised and enlarged. (New York: Ronald. 1922. Pp. xviii, 730. \$6.)

MOORE, W. C. *Complete course in advertising and advertisement writing; twenty-two practical lessons*. (Philadelphia: Warehouse Co. 1921. Pp. 30.)

MUNSON, E. L. *The management of men, a handbook on the systematic development of morale and the control of human behavior*. (New York: Holt. 1921. Pp. 801.)

General Munson has itemized here in elaborate detail the factors, conditions, and principles affecting morale in the American army. As such, the book is a very complete study, presenting an abundance of concrete illustrations and much interesting data.

The first two chapters discuss the meaning of morale and the principles of morale control, with much material which might be applicable to military situations but with little or none applicable to industry. The next five chapters, embodying some two hundred pages, discuss psychological principles, the basic instincts, and other psychological qualities. The value of this section of the book transferable to industry is minimized by two factors—the specific explanation of each topic in terms of military experience, and the nature of the psychology itself, a mosaic of the speculative psychology of McDougall, Le Bon, and Freud. Several chapters follow on the organization and mechanics of morale, profusely detailed for the military situation, but with no suggestions of industrial utility. The remainder of the book up to the final chapter deals with army leadership, the education, recreation, training, and health of soldiers, and with military rewards, punishment and delinquency. A final chapter on industrial morale endeavors to present an analogy between industry and the army. Even here we find an absence of concrete suggestions.

The author and the publishers would remove themselves from misunderstanding and from the criticism of economists if they would omit the occasional references to industry and rename the book *The Management of Soldiers*. For it is clearly apparent that military officers will find the book interesting and useful, but that "the executive man of affairs who is to apply its teachings" will find little to apply.

CHARLES LEONARD STONE.

NEWLOVE, G. H. *C. P. A. accounting*. Vol. I, *Theory, questions, and problems*. Vol. II, *Theory, auditing, and problems*. (New York: Y. M. C. A. Press. 1921. Pp. xiii, 367; xii, 331.)

NEWMAN, J. K. *The future of street railway financing*. (New York: Am. Electric Railway Assoc. 1921. Pp. 13.)

OERTMANN, P. *Die Geschäftsgrundlage; ein neuer Rechtsbegriff*. (Leipzig: A. Deichert'sche Verlagsbuchhandlung. 1921. Pp. 179. 24 M.)

POLAKOV, W. N. *Mastering power production*. (New York: Engineering Mag. Co., 120 West 32nd St. 1922. Pp. 455. \$5.)

PROCTER, A. W. *Principles of public personnel administration*. Publications of the Institute for Government Research. (New York: Appleton. 1921. Pp. xi, 244. \$3.)

RACINE, S. F. *Estate accounts*. (Seattle, Wash.: Western Inst. of Accountancy, Commerce and Finance. 1921.)

RASOR, S. E. *Mathematics for students of agriculture*. (New York: Macmillan. 1921. Pp. viii, 290.)

The standards that have been set up regarding the duty of the school, college, or university toward the question of mathematics for agricultural students, must be used in judging this book. Agricultural colleges have no standard by any means generally accepted, or, it may be added, acceptable. Shall the student take advanced algebra, solid geometry, and trigonometry in college? If so he will take two or three semesters of exacting work and will not yet be introduced to applied mathematics. There will still remain, hardly touched, the whole field of graphs, surveying and mechanics.

Professor Rasor attempts to bring into one course of a semester, or a year, first, a review of all the fundamentals of mathematics together with a little advanced work, and second, the application of the principles to all manner of things including surveying, graphing, annuities and depreciation, elementary statistics and mechanics.

There are many who believe a course in mathematics of this sort is valuable and desirable. Such courses are being offered. To those with these views the book will prove useful. It is clear and logical. However, an attempt to review algebra in 25 pages suggests strongly the question of how algebra is handled in the high schools of the country. If it is being well done the 25 pages may be helpful, though not indispensable. If it is not being well done a review of this length will be inadequate. Probably two thirds of the book is of high school grade. Whether or not it will ultimately prove desirable to take a practical view of the purpose of mathematics and select from the field usually covered, say in two or three years, the essentials, and crowd them into a single year, or less, remains to be demonstrated. In this case what the author attempts to do, he seems to have done well. Curriculum committees are, however, not through with their work on what should be given in mathematics to students of agriculture.

B. H. HIBBARD.

University of Wisconsin.

REED, R. R. and WASHBURN, L. H. *Blue sky laws, analysis and text*. (New York: Clark Boardman Co. 1921. Pp. xxxii, 172.)

RICHARDS, W. H. *Pushing a retail business; one-volume course in both advertising and salesmanship*. (Chicago: Richards School of Advertising. 1921. Pp. 384.)

ROGERS, R. *Teacher's handbook to accompany Gaño's "Commercial Law."* (New York: American Book Co. 1921. Pp. 96. 1921. 60c.)

SEWARD, G. M. *A B C of stocks, bonds and mortgages*. (Chicago: G. B. Williams Co. 1921. Pp. 69.)

SMITH, J. G. *Organized produce markets*. (New York: Longmans, Green. 1922.)

SPIPKER, J. B. and CLOUD, P. G. *Real estate business as a profession*. (Cincinnati, O.: Ebbert & Richardson Co. 1921. Pp. 77.)

TODMAN, F. S. *Wall Street accounting. A description of the business of brokerage, its accounting records and procedure.* (New York: Ronald. 1921. Pp. xv, 352. \$6.)

An enlargement and complete revision of the author's *Brokerage Accounts*, published in 1916, is presented here. The business of brokerage, its accounting records and the technique of trading in the stock and commodity markets comprise the contents. It should be of service, therefore, not only to accountants, but also to traders and investors. The author is to be commended for the good arrangement and concise presentation of his material. Part I deals with the New York stock exchange; part II, with the New York cotton exchange; part III, with the New York produce exchange, the New York coffee and sugar exchanges, and the Chicago Board of Trade; and part IV, with the auditing of stock and cotton brokerage books.

An appendix of about thirty pages contains general instructions for stock tax returns, New York stock exchange commission rates, rules and regulations of the stock clearing corporation of the New York stock exchange, the New York Cotton Exchange Clearing Association rules, the clearing house regulations of the Chicago Board of Trade and general instructions for internal revenue returns for dealers in future contracts in commodities.

M. J. SHUGRUE.

VAN DEVENTER, J. H., editor. *Planning production for profit.* (New York: Engineering Mag. Co. 1921. Pp. xii, 333.)

VERNON, H. M. *Industrial fatigue and efficiency.* (New York: Dutton. 1921. Pp. viii, 264. \$5.)

WADLEIGH, F. R. *A coal manual for salesmen, buyers and users.* (Cincinnati, O.: National Coal Mining News. 1921. Pp. 184.)

WALTON, S. and FINNEY, H. A. *Mathematics of accounting and finance.* (New York: Ronald. 1921. Pp. ix, 274. \$4.)

There are many school texts on commercial arithmetic, but for the most part they are too rudimentary to be of much value to others than those who have not gone beyond the elementary and fundamental processes of mathematics. The present book has been prepared as a manual of business calculations and is intended to be useful particularly to persons engaged in accounting and in the various lines of finance. The earlier chapters deal with a number of short processes and offer practical suggestions that may be applied in many different routine computations. In the central portion attention has been given to special applications of arithmetical principles and short methods to the problems of individual lines of business. The last chapters explain in simple terms convenient ways of using logarithmic and actuarial methods of solving business problems relating to compound interest, investments, annuities, bond discount and premium, effective bond rates, leaseholds and depreciation. Many of these matters are covered in a very brief manner but the book on the whole is of decided practical service.

M. J. S.

WILLARD, R. D. *System building and constructive accounting.* (New York: McGraw-Hill. 1922. Pp. viii, 307. \$4.)

WYCKOFF, R. D. *How I trade and invest in stocks and bonds.* (New York: Mag. of Wall St., 42 Broadway. 1922. \$5.)

The advertising year book for 1921-1922. Published for the Associated Advertising Clubs of the World. (Garden City, N. Y.: Doubleday, Page. 1922.)

Facts for salesmen; Raynsters; information for salesmen of the clothing division of the United States Rubber Co. (New York: U. S. Rubber Co. 1921. Pp. 59.)

Law, banking and business. Six vols. (Chicago: American Institute. 1921.)

MacGregor's book of bank advertising. (New York: Bankers Pub. Co. 1921. Pp. 388. \$5.)

Modern foremanship and production methods. Cost control in the shop; Wages and incentives; What is production and why? Tenth, eleventh, and twelfth work manuals. (Chicago: La Salle Extension Univ. 1921. Pp. vii, 62; vii, 77; vii, 70.)

Operating expenses in retail shoe stores in 1920. Publications of the Graduate School of Business Administration, Harvard University, vol. VII, no. 4. Bulletin no. 28, Bureau of Business Research. (Cambridge: Harvard Univ. Press. 1921. Pp. 27. \$1.)

Proceedings of the National Association of Office Managers, 1921 conference. (Springfield, Mass.: Mr. F. L. Rowland, Sec., Gilbert & Barker Mfg. Co. 1922. Pp. 55. \$1.)

Proceedings of the tenth annual convention of the Investment Bankers Association of America. (Chicago: Frederick R. Fenton, Sec., 111 Monroe St. 1921. Pp. 415.)

Stumme's time calculator; an accurate time calculator for time and discount. (Readlyn: Ia.: E. C. Stumme & Co. 1921. Pp. 367. \$7.50.)

Suggested methods of handling plant operating income and expense accounts. (Chicago: Inst. of Am. Meat Packers, 22 W. Monroe St. 1921. Pp. iii, 53.)

The teaching of commercial subjects. (New York: Pitman. 1921. Pp. vii, 128. 75c.)

Capital and Capitalistic Organization

NEW BOOKS

BONNETT, C. E. *Employers' associations in the United States.* (New York: Macmillan. 1922. \$4.)

CHAMBERLAIN, A. H. and J. F. *Thrift and construction.* (Philadelphia: Lippincott. 1922. Pp. 272. \$1.40.)

REES, J. M. *Trusts in British industry, 1914-1921.* (London: King. 1922.)

ROSBROOK, A. I. *A treatise on the law of corporations in New York, based on the reported decisions and written in connection with the statutes regulating corporations, as amended to January 1, 1922.* (Albany, N. Y.: M. Bender & Co. 1922. Pp. cxlvi, 1264.)

SULLIVAN, J. J. *American corporations: the legal rules governing corporate organization and management, with forms and illustrations.* Second edition, revised and enlarged. (New York: Appleton. 1921. Pp. xiii, 468. \$2.75.)

The first edition of this book (1910) was reviewed in this journal in 1911 by Professor John H. Gray (*AMERICAN ECONOMIC REVIEW*, vol. I, Dec., 1911, pp. 841, 842). The present reviewer in examining the revised edition finds no reason to take exception to Professor Gray's general comments.

This is not primarily a book on economics, but rather a combined elementary text and reference book in the field of corporation law. The topics handled are arranged in an orderly manner. Their treatment is very brief. Usually the author states, with little or no critical comment, the particular legal fact or rule in question and then summarizes a court case or two to illustrate the point. These cases are selected, apparently, for their usefulness in illustrating the detailed legal points, not with any view to presenting the development of judicial doctrines as applied to important questions of public policy. There is no list of cases cited, an unfortunate omission in a book of this type.

There are two chapters (ch. 25, Merger of Corporate Charters, and ch. 26, The Control of One Corporation by Another) dealing with the "trust" problem. In chapter 26, an exception to the author's usual procedure, not a single court decision is summarized or even cited. The author thinks that "the problem of regulating them [the trusts] has been pretty well solved" (p. 297); and that "most of this [state anti-trust] legislation is experimental, and much of it is so crude as to do more harm than good" (p.298). The Sherman Anti-Trust act is dismissed in less than one paragraph, nearly two thirds of which consists of verbatim quotation from the law. The final word on this subject is that "the Clayton Anti-Trust act of October 15, 1914, and other federal legislation also operate to prevent the formation of trusts" (p. 299).

STANLEY E. HOWARD.

Arnold's guide for New York business corporations. Seventh edition, revised and enlarged, with notes and forms. (New York: Baker, Voorhis & Co. 1921. Pp. xxxviii, 543.)

Labor and Labor Organizations

The Settlement of Wage Disputes. By HERBERT FEIS. (New York: The Macmillan Company. 1921. Pp. xv, 289. \$2.25.)

Professor Feis ventures upon the difficult task of outlining a uniform system of settling wage disputes in all important industries. The book falls into two parts, the first giving an account of the factors which govern wage levels in the present industrial situation, and the second setting forth directly a series of principles drawn from wage-disputes experience to serve as the basis of a unified policy for future guidance.

The problem is to elucidate or invent methods and principles in accordance with which the product of industry might be shared among the wage earners and the other participants with relative peace and

satisfaction. No policy will work successfully unless it accomplishes two ends: (1) It must represent convincingly the effort to divide the product of industry so as to satisfy the most widely held conceptions of justice in the industrial system. (2) It must contribute, wherever it is a factor, to such an adjustment of industrial relations as will command the voluntary support of all groups whose coöperation is necessary for the maintenance of industrial peace.

Certain conditions are stipulated as essential to the policy to be formulated. Private ownership and operation of industries are assumed, but the policy would not be unsuitable if some industries became publicly owned. Unqualified acceptance of collective bargaining is posited, as well as the necessity to recognize labor unions, and to give encouragement to some form of labor organization where none exists. The policy must aim to effect a distribution of the product of industry in which the return to the owners of accumulated capital does not exceed a point to be determined by considering the service of capital in production, the sacrifice involved in much accumulation, the need of assuring capital accumulation, and the evil effects of inequality of wealth. The policy must also give indirect encouragement to the growth of such industrial beliefs and institutions as will enable the wage earners to participate in the control over the conditions of production. These broad tests of policy represent a rather hopeful fusion of conservatism of established interest with the liberalism of desirable change.

The first basic principle calls for standard rates of wages in every important industry. Wage standardization would make possible a clear knowledge of the economic position of the various classes of wage earners, the accurate measurement of wage change, and simplicity and uniformity in the application of changes. The principle of a living wage to insure the subsistence of the worker and his family in health and comfort is upheld in the second place for use in determining wages for the least favorably placed groups of workers. The possible objections to standard rates and to minimum living wages are considered, but in the judgment of the author the existing evidence warrants the extension and application of these two principles.

With the aim of gradually evolving an ordered scheme of wage relationship, upheld by common consent, prevailing wage levels and differentials are to be accepted with provision for reconsideration of the differentials in the light of affirmed principles. In constructing such a scheme two central doctrines must be applied: first, the doctrine of the unity of the wage income and of the wage earners, which when applied means that the same wage should be paid throughout industry for work which requires the same human qualities and makes approximately the same demands upon the individual; secondly, the

doctrine of special reward, in practice, to mean that certain groups of wage earners should receive higher wages than other groups, because the work they perform is deemed to require considerably higher individual qualities or to make considerably greater demands upon the individuals engaged upon it. Practical and theoretical difficulties in the way of applying these doctrines are anticipated and in no wise minimized by the author.

In order to prevent changes in the distributive situation which may result from price movements, and which are undesirable, all wages according to the policy outlined should be promptly adjusted to movements in the general price level. The measures of price change should be a new index number based upon all the important commodities produced within the country with a weight of 50 per cent given to food, rent, and clothing. In order to bring about such a distributive outcome as will recommend the policy of wage settlement to the wage earners and to the community in general, it is proposed that some test should be devised to measure the share in the product of industry that is taking the form of profits. Whenever the general range of profits exceeds that profits return which is considered just and sound, the wages of all groups of workers should be increased in an attempt to transfer the extra profits to the wage earners. To apply such a profits test it would probably be necessary to enforce standardized accounting methods in all industries. It is contemplated to control profits only indirectly, however, through the forces of industrial competition, trade union activity, public opinion, and government regulation.

Finally, the policy would give encouragement to the organization of labor, recognizing existing trade unions and dealing with the representatives of groups of workers in all wage settlements. It would foster the establishment of joint councils and boards of employers and employees. The final power to render decisions, once a dispute has passed out of the hands of local bodies, would rest intact with a central authority which should presumably be politically responsible for enforcing the unified wage policy.

The author frankly avoids the whole question of the central political authority indispensable for putting any policy into effect, because its consideration would have complicated the inquiry. He does indicate that whatever policy is put into force will be administered by a government, with and by the consent and support of both the wage earners and the employers. Avoidance of this important phase of the problem makes one doubt whether such a comprehensive and forward-looking policy of wage determination is practicable and feasible for adoption, especially in view of the present post-war period of reaction against labor unions and of restoration of the dominant power of employers in matters of industrial relations. This doubt is

strengthened by a frequently observed note of idealism and hopeful optimism which the author's proposals sound.

The book draws much from accepted theory as to wage incomes, but makes its contribution that of bringing together in a unified scheme the essential principles with accompanying proposals for settling wage disputes constructively. The author is liberal in his philosophy, and sympathetic with labor. This work will be serviceable to all students of the labor problem, and should greatly aid those directly interested in the problems of industrial government. More than a dozen typographical errors could have been avoided. The word "data" is used incorrectly throughout as a singular form. The second paragraph on page 243 is unintelligible through inexcusably faulty proof-reading. With these minor corrections the book makes a distinctly favorable impression.

F. E. WOLFE.

University of Nebraska.

NEW BOOKS

BROWNE, W. R., compiler. *What's what in the labor movement. A dictionary of labor affairs and labor terminology.* (New York: Huebsch. 1921. Pp. vii, 578. \$4.)

The whole range of the labor movement in its development and present conditions is here described by direct explanations and definitions. The social, economic, legal, and historical factors of modern industrialism are also brought out. The compiler has endeavored to provide a convenient, concise, and accurate reference book on the subject. One might question some statements; for example, in regard to Malthusianism it is hardly true to say that "it now occupies a prominent place in the economic discard." The redundant population and recurrent famines in India and China show the contrary. A rejection of the wage-fund theory does not involve a rejection of the population principle. To the checks on too rapid population educed by Malthus has been added that of standard of living and its influence on the birth rate.

GEORGE M. JANES.

BURNS, C. D. *Government and industry.* (New York: Oxford Univ. Press. 1921. Pp. 315.)

CATCHINGS, W. *Our common enterprises: a way out for labor and capital.* (Newton, Mass.: Pollak Foundation for Economic Research. 1922. Pp. 23.)

Reprinted from *Atlantic Monthly*, February, 1922.

CHENERY, W. L. *Industry and human welfare.* (New York: Macmillan. 1922. Pp. xii, 169. \$1.75.)

Contains chapters on The Pioneer Nation, The Rise of Industry, Wages in Industry, Regularity of Employment, The Hazards of Industry, and The Status of the Workers.

LAUCK, W. J. and WATTS, C. S. *The industrial code.* (New York: Funk & Wagnalls. 1922. \$4.)

LEWISOHN, S. A. and MOON, P. T., editors. *Constructive experiments in industrial coöperation between employers and employees*. Proceedings of the Academy of Political Science, Columbia University, vol. IX, no. 4. (New York: The Academy. 1922. Pp. 256. \$1.)

LOWE, B. E. *The international protection of labor*. (New York: Macmillan. 1921. Pp. xliii, 439. \$2.50.)

The body of this book is a history of the development of international action in the field of labor legislation down to 1914. The material for this part of the work was submitted by the author in 1919 to the United States Bureau of Labor Statistics, and a large part of it was published by the Bureau in its bulletin 268, *Historical survey of international action affecting labor*. The text of the labor clauses of the Treaty of Versailles and of the draft conventions and recommendations of the Labor Organization of the League of Nations through 1920 are added as a supplement and their content very briefly treated in the introduction. There is one chapter in which the objections to labor legislation through international agreement are outlined and almost as briefly rebutted and another chapter in which the necessity of the adhesion of the United States to the international legislative movement is strongly urged. The appendices, supplement and an extensive bibliography take up over half the book.

D. A. McC.

MOON, P. T. *The labor problem and the Social Catholic movement in France*. (New York: Macmillan. 1921. Pp. xii, 399. \$3.25.)

The center of the author's interest is the Social Catholic movement, not the labor problem. From among the many countries in which this movement has manifested itself, France is the one he has chosen for this study. Inasmuch as the conditions which the "Social Catholics" are seeking to have reformed are for the most part labor conditions, or arise out of conditions of labor, the movement is concerned with standards of employment and with the spirit in which, and the agencies through which, the desired results are to be striven for. The first half of the book is given over to a sketch of the historical background of the program and methods of the present-day movement. The influence upon it of Catholic leaders and Catholic groups in other countries is weighed and a decisive effect is attributed to the encyclical *Rerum Novarum*, issued by Pope Leo XIII in 1891.

The presentation of the views of individual leaders, of the social teachings of the Roman Catholic Church and of programs for dealing with the labor problem is supplemented by a description of the forms and activities of the various organizations now working for the adoption of the Social Catholic platform. But a large part of the contemporary description is devoted to the political party which has adopted the Social Catholic program, the Popular Liberal party (*Action Libérale Populaire*). The tendency to turn the spotlight on Catholic political parties and their positions on issues not strictly economic is also pronounced in the historical narrative.

The author is obviously in sympathy with the movement he is describing and impressed with its importance. This does not prevent him from giving its opponents their day in court. Extracts from the speeches of leaders favorable and unfavorable to the movement are numerous. There is much in the book of value to the student of principles and

methods applied to the labor problem. But the author is in error in his assumption that Cardinal Gibbon's memorial to the Holy See in 1887 on the Knights of Labor was presented to secure a reversal of papal condemnation of the Knights in the United States. That organization had been proscribed in Canada, not in the United States. What the Cardinal succeeded in securing was not the revocation of a condemnation but the prevention of a condemnation of the Knights of Labor in the United States.

D. A. McC.

PARKER, C. S. *Working with the working woman*. (New York: Harper. 1922. Pp. 246. \$2.)

SLESSER, H. H. *Trade unionism*. Second edition, revised. (London: Methuen. 1921. Pp. 130. 5s.)

STOCKTON, F. T. *The International Molders Union of North America*. Johns Hopkins University studies in history and political science, series XXXIX, no. 3. (Baltimore, Md.: Johns Hopkins Univ. Press. 1921. Pp. ix, 222. \$1.50.)

YOUNG, E. W. *Comments on the Interchurch Report on the Steel Strike of 1919*. (Boston: Badger. 1921. Pp. 88. \$1.50.)

Canada and the International Labour Conference. Industrial relations series, bull. no. 5. (Ottawa: Dept. of Labour. 1922. Pp. 33.)

Codification of the Shipbuilding Labor Adjustment Board awards, decisions, and authorization—with amendments and special rulings annotated. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. 50c.)

The international labour directory. (Geneva: International Labour Office. 1922.)

Negro women in industry. Bulletin of the Women's Bureau, no. 20. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 65.)

The unemployment problem. Research report no. 43. (New York: National Industrial Conference Board. 1921. Pp. 91.)

Wages and hours of labour in Canada, September, 1920, and September, 1921. Report no. 3. (Ottawa: Dept. of Labour. 1922. Pp. 27.)

Money, Prices, Credit, and Banking

Banking Principles and Practice. I, *Elements of Money, Credit and Banking*. II, *The Banking System of the United States*, III, *Domestic Banking—Cash and Deposit Operations*. IV, *Domestic Banking—Earning Assets*. V, *The Foreign Division*. Five vols. By RAY B. WESTERFIELD. (New York: The Ronald Press. 1921. Pp. 1370. \$12.)

The chief obstacle to a comprehensive treatment of the principles and practice of banking is similar to the difficulty which confronts all attempts to discuss realistically the bearing of economic principles upon business policy. The common experience with courses in business is that the beginner, in the absence of guiding principles, gets lost in an entanglement of facts; while, if he specializes in the principles

alone, with appropriate hypothetical illustrations, he acquires a set of abstractions which have little bearing on problems of policy. The purposes in this field of teaching seem to require the inculcation of principles and the communication of useful information at the same time, though the best method of achieving such a combination is not yet clear.

Professor Westerfield's method of overcoming this difficulty is to move from the general to particulars, from a statement of underlying principles to a description of the administrative organization and routine practice of banking. Thus the first volume sets forth the accepted fundamentals of money, credit, and banking; the second volume furnishes a brief historical survey of commercial banking in the United States, including a description of the federal reserve system; and the three remaining volumes give a detailed account of the internal organization and operations of a bank, covering both domestic and foreign business. This indicates the scope of the discussion and the distribution of emphasis as well as the order of presentation. Even thirteen hundred pages is a limitation in covering so wide a range of topics, and so the author has skimped on the theoretical aspects of banking and given fuller treatment to banking practice.

The exposition is greatly facilitated by the use of a simple structural plan and by a style of unusual clarity and conciseness. In the statement of principles the structure which determines the order of topics and their proportional importance is that familiar in classical theory—money, government and bank credit, bank notes and deposits, reserves, prices; in the discussion of the banking system the framework is adapted from the laws establishing and regulating national banks and the federal reserve banks; and in the description of banking practice the internal administrative organization of the bank sets the chapter headings. The direct and simple statement of principles, the avoidance of controversial issues, the apt use of historical illustration, and the concrete references to banking operations make the discussion move forward easily and smoothly.

So smoothly, in fact, does the discussion develop that the attention is hardly arrested at those points where the conclusions may be open to question or qualification. Thus, for example, the relation of credit to prices is briefly disposed of by the use of "the equation of exchange," without indicating the limitations of that device as a means of predicting price movements. Now, from the standpoint of clarity, compactness, and logical completeness, the quantity theory is unrivalled as a statement of the mechanical forces operating on the price level, under given assumptions; it already has behind it an interesting and checkered career, and it doubtless has a long and eventful life ahead of it. For these reasons the student should get well acquainted with the

theory. But as a guide to action in a world where the necessary assumptions are contradicted by actual experience the theory has certain shortcomings. The process by which credit expansion accompanies rising prices and liquidation ensues when prices decline, carries with it such serious consequences for the banker, the borrower, and the community that the process should be fully described, with such generalizations as are possible. Even at best the present state of our knowledge does not permit complete explanations or confident predictions, but is it not wiser to specify these limitations than to preserve the appearance of giving a solution by an appeal to an ultimate principle?

The best results in securing really vital connections between principle and practice are at those points where Professor Westerfield's analysis oversteps the boundaries of the stricter theory and goes directly to a consideration of the bearing of facts upon public regulation or business policy. Instances of this are in the discussions of banking statistics as business barometers; the methods of increasing reserves; the liquidity of the banking system as a whole; factors influencing the discount policy of the Federal Reserve Board; the character of the collateral loan market and the determination of call loan rates; the control of gold movements and the influence of currency inflation on foreign exchange rates. The mere citation of these topics shows how much of their discussion would necessarily fall outside the over-simplified statements which are presented in the first volume as the fundamental principles of banking.

These topics admit that economic events are only partially under the control of men and that one purpose in studying them is to establish a more adequate control. Contrast their discussion with that usual introductory statement of principles which leaves the impression that our financial machinery is already working so conveniently and automatically as to hardly require more than an occasional oiling. Thus, money serves as a medium of exchange and, by overcoming the difficulties of barter, makes possible an increase in the division of labor. Credit instruments serve as substitutes for money, and "as standard money facilitates exchange over the barter economy, so credit facilitates exchange over the money economy." Also, credit makes "fixed wealth rapidly transferable and marketable so that it may be diverted to that operator who can make best use of it." Governments and banks both furnish credit money, but experience proves that governments cannot be trusted to issue paper money while bankers can. "If no limitations are laid by law on credit issues the bankers will of their own accord normally provide elastic note-issues and elastic deposit currency." The quantity of money and of credit substitutes determines the level of prices. "The price-level varies directly as the quantity

of money and the velocity of circulation and inversely as the volume of goods traded."—All of this may or may not be true; and, if true, may or may not be relevant; but, in any case, why regard these proverbial sayings as peculiarly fundamental, more trustworthy than other generalizations drawn immediately from the facts, principles *par excellence*?

One way to make certain that principles have a bearing upon practice is to see to their origin: catch them young. Rules of action seem to harden into principles as they grow old, to crystallize into a body of doctrine and to become a thing apart and aloof from action. Most of them, at the time of their birth, played a part in the controversies of their day; many of them are kept alive by their relevancy to recurring situations; doubtless not a few will live to fight another day. But, as time passes, the tendency is for men of another generation to treat these older rules of action as ultimate principles upon which the mind may rest. The perpetuation is harmless enough unless in the meantime new and pressing problems arise which call for action; then these ancient rules are as likely to inhibit as they are to help. The final proof of their irrelevance is furnished whenever more can be seen with the naked eye than by looking through the spectacles of doctrine.

The upheaval in monetary and financial affairs brought about by the war has seriously upset those relationships which standard theory has regarded as normal. As a consequence the conclusions deduced from these principles must either be qualified and supplemented or the theorist must make a more direct appeal to the facts. As was indicated in the topics cited, Professor Westerfield has not put more reliance than is customary upon the guidance which the older principles can offer under these new and untried circumstances. But a comprehensive modernization of principles is too large a task to undertake singlehanded. All students of monetary theory must recognize that for at least a decade ahead the facts concerning the international flow of gold, the discount policies of central banks, the determination of foreign exchange rates, and the adjustments between price levels in various countries will not fit into a pattern which assumes normal (pre-war) relations. Would it not be a wise economy during such a period for all those interested in banking theory and practice to declare a holiday, guarantee for ten years the *status quo* in classical principles, and use the vacation in taking a look at the facts? A theory more relevant to present problems might arise out of the facts than has come down to us out of the past.

WALTER W. STEWART.

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British War Finance During and After the War 1914-1921. Being the Result of Investigations and Materials Collected by a Committee of Section F (Economics and Statistics) of the British Association. Coördinated by A. H. GIBSON and edited by A. W. KIRKALDY. (London: Sir Isaac Pitman & Sons. 1921. Pp. vi, 474.)

The British Association for the Advancement of Science has produced in this a book of reference which will remain unsurpassed for many years. It is the sequel or rather the summary of the financial portions of previous compilations on the economics of the war, skillfully edited by Professor Kirkaldy like the preceding volumes, *Credit Industry and the War* (1915), *Labor Finance and the War* (1916), *Industry and Finance* (1917). Except for a concluding chapter of ten pages by Mr. Gibson, the book differs from works on British war finance by Foxwell, Nicholson, Pigou, and Scott in primarily stressing the statistical facts rather than advocating policies. It is expository rather than argumentative.

The range of subjects covered is wide. Public debts, domestic and foreign borrowings, and foreign loans are treated rather fully, down to such details as copies of circulars of war loans. The discussion of taxation leaves much to be desired. The survey of British banking and credit during the war is probably the best that has thus far appeared. The effect of the war on the London security market and on the foreign exchanges is adequately presented. Prices are discussed both from the point of view of the quantity theory of money and from that of the problem of supplies, and an attempt is made to analyze conditions that would affect the future course of prices. The war legislation affecting finance, government aid to banks, and the official financial reports are the subjects of one chapter each, and the appendices of about 64 pages give the text of important legislation and reports not readily available in the original to the average reader. The book also has numerous tables and several good graphs. It would greatly benefit by an analytical table of contents, which would furnish a bird's-eye view of the enormous amount of data presented, and, more seriously still, it completely lacks references to official sources and documents which would be welcomed by students in the years to come.

The author makes the interesting point (page 10) that "the Bank act was suspended only for a very short period of time" and that (page 24) "the holder of a currency note is entitled to obtain on demand payment in gold coin. The public are ignorant of the convertibility of the note into gold." Probably the leading defects of the British handling of the banking situation during the war is the fact that the issue of currency notes was authorized. Instead of having the government print fiat money with very slight gold cover, a primitive

form of war finance, the same advantage might have been obtained had the Bank of England been authorized to issue notes in small denominations, backed by its relatively larger gold cover. The problem of incorporating the currency note account into the Bank of England statement, as recommended by the Committee on the Currency and the Foreign Exchanges, would not have arisen. However, banking traditions seem inflexible. The theory that the Bank of England note should be convertible pound for pound into gold was maintained at the cost of the huge inflation by means of government paper money.

The deflation of the currency notes is proceeding satisfactorily. On February 25, 1922, the currency notes outstanding were about £296,000,000 as compared with a high record of £368,000,000 on December 22, 1920. The author is of the opinion "that the limitation on the issue of currency notes will doubtless for many years tend to maintain high bank rates and that the limitation on the fiduciary portion of the currency note issue will have at times to be temporarily suspended." Financial prophecy is usually dangerous; a London cable to the *New York Evening Post* of February 18 states that the discount rate has been reduced to $4\frac{1}{2}$ per cent as compared with 7 per cent on April 15, 1920, and $5\frac{1}{2}$ per cent on July 21, 1921. Evidently falling prices have freed huge supplies of credit and resulted in the decline of the bank rate.

Probably the most vulnerable part of the recommendations of the Committee on the Currency and the Foreign Exchanges is that referring to the proposed change in the constitution of the Bank of England. As far back as 1891 Viscount Goschen, and more recently (1918) Sir Edward Holden, recommended that the Bank of England note issues be based not exclusively on gold, pound for pound, but that the procedure of the German Reichsbank, and more recently that of the federal reserve bank system, be adopted of issuing bank notes against gold and against commercial bills in some ratio. The official committee rejected the Holden proposal.

It is the belief of many bankers that had the Bank of England notes been issued on such cover, it would have been possible to avoid establishing a moratorium and certainly to avoid issuing government paper money. Incidentally it might be added, that under such a scheme the issue department and the banking department of the Bank of England might be consolidated so that its balance sheet would resemble and its reserve ratio be comparable to that of the other central banks of issue.

In order to make the Bank of England's existing ratio comparable to that of the federal reserve banks, for instance, it is necessary to merge not only the balance sheets of the issue and banking departments, but also to include the Currency Note Account, as was explained

by the reviewer in his *International Finance and Its Reorganization* (pp. 198-201).

Perhaps the most interesting chapter of the book to the American reader is that concerning the foreign loans of Great Britain and its borrowings from the United States. The author remarks (page 19), "Unfortunately, a large part of the British loans made to foreign countries during the recent war will never be recovered. Present indications point not only to loss of interest, but also to loss of capital." The author thus reiterates the remark of Austen Chamberlain that the British Exchequer figured the loans of Great Britain to her Allies at 50 per cent of their face value.

With reference to the borrowings from the United States the author tells us (page 187) "that the entry of the United States of America into the war and the subsequent granting of loans by the United States government to the Allied governments, rendered unnecessary any further deposit of securities as collateral for new loans raised in America by the British government." In other words, had the United States government not made these advances, the British investor would have been called on to surrender additional securities for mobilization, either for sale in the United States or for security on new borrowings from private investors in the United States.

The author quotes (page 188) the reply of the Chancellor of the Exchequer to a parliamentary query in March, 1921, to the effect that there were at that time returned or under notice for return to private investors about £384,000,000 of dollar and other securities, and that there remained free about £65,000,000. A study of the rate of resale to American investors of stocks in the United States Steel Corporation, of the shares of the American Telephone and Telegraph Company and of the New York Central Railroad Company, indicates that there was continuous liquidation until April, 1917, practically none during the period of United States government advances to the Allies, and renewed liquidation after March, 1919, when the "peg" was released. The underlying figures are given in the reviewer's *International Finance and Its Reorganization* (pp. 353-357).

Whatever may be the moral aspects of the issue of the cancellation of the debts of the Allied governments to the United States government, one fact remains clear—investors in Great Britain at least, and perhaps also in France, have a supply of foreign securities which, if mobilized as they were in Great Britain during the war, could be utilized for the payment of interest and amortization on the debt to the United States government. Great Britain's mobilization of foreign securities was a unique experiment in relating private wealth and public debt, or the assets of the population with the liabilities of the nation. France attempted the scheme but, as in other phases of war

finance, showed little aptitude in following the brilliantly successful financial policy of great Britain. To what extent the ineptitude of the French Ministry of Finance, in controlling that part of the 40,000,000,000 francs of foreign investments of the French public outside of Russia and Mexico, will be an effective reason for permitting her to postpone payment of the inter-Allied debt, and for discriminating against England because she is better able to carry out her financial program, is a point for the American Committee on the Funding of the Debt to ponder.

With reference to the field of taxation, it is unfortunate that the author did not amplify his presentation, even at the expense of the treatment on the war loans. The British policy of war taxation stands out in striking distinction to that of her continental allies, by reason of the large percentage of direct taxation as against indirect taxation. Direct taxation is not only politically democratic but financially productive and readily expansible. The present sound financial position of Great Britain and the present plight of her continental allies hinges very largely upon this difference in tax policy. Mr. Gibson, however, falls into an error which was very prevalent in this country also until it was exposed by T. S. Adams from first-hand evidence as treasury adviser on tax matters. Mr. Gibson states that the excess-profits tax added to the prices of goods. This statement implies that the profiteers were soft-hearted and raised prices only because they had to pay taxes. In fact what they did was to charge all the traffic would bear, and when prices began to decline in 1921, even the excess-profits tax was unable to maintain prices at profiteers' levels. The criticism of Mr. Gibson in his concluding chapter (page 401) that "it should have been possible to set a limit to wages and profits, and more or less to conscript industry" reflects his liberal leanings but is in square contradiction with the fact that he cites on page 208, that "the Munitions was a 100 per cent tax on profits over a certain amount and practically failed as a revenue-producing measure. Its enemy was human nature."

Mr. A. H. Gibson is a banker, the Bradford manager of the Anglo-South American Bank and had suggested the raising of war loans by means of day-to-day borrowing, generally associated with the name of Sir Drummond Fraser. His labor in economic science is worthy of emulation by his professional confrères.

ELISHA M. FRIEDMAN.

NEW BOOKS

ANDERSON, B. M. *Artificial stabilization of exchange condemned—outline of a fundamental solution.* The Chase Economic Bulletin, vol. II, no. 1. (New York: The Chase National Bank. 1922. Pp. 53.)

- ANGAS, L. L. B. *Reparations, trade and foreign exchange*. (London: King. 1922. Pp. 351. 12s. 6d.)
- BALDY, E. *Les banques d'affaires en France depuis 1900*. (Paris: Lib. Générale de Droit et de Jurisprudence. 1922. Pp. 391. 25 fr.)
- BASTIAN, E. *Lexikon des Geld-, Bank- und Börsenwesens. Begriffe, Ausdrücke und Vorgänge des täglichen Geschäftsverkehrs in ihrer Bedeutung und Anwendung*. (Stuttgart: Muth. 1921. Pp. 140. 19.80 M.)
- BLODGETT, H. A. *Double your savings; it can be done*. (St. Paul, Minn.: Harvey Blodgett Co., Bank Business Bldg. 1921. Pp. 97. \$1.)
- CASSEL, G. *The world's monetary problems, two memoranda*. (London: Constable. 1921. Pp. 154. 3s. 6d.)
- DÉCAMPS, J. *Les changes étrangers*. (Paris: Lib. Félix Alcan. 1922. 20 fr.)
- DOLLE, C. F. *The law of business paper and security*. (Chicago: T. H. Flood & Co. 1922. Pp. 423.)
- GEPHART, W. F. *The Ter Meulen credit plan*. Reprinted from the *North American Review*, March, 1922. (New York: North Am. Rev. Corp. 1922. Pp. 7.)
- GILBERT, A. *De la hausse des prix en France à la suite de la guerre de 1914*. (Poitiers: Imp. Masson. 1920. Pp. 114.)
- HANTOS, E. *Die Zukunft des Geldes*. (Stuttgart: Enke. 1921. Pp. 76. 11.20 M.)

The title does not describe the contents of this book. It treats not of the future of money, but of the future of the monetary standards in Europe during the next ten years. The author is firmly convinced that the world must return to sound principles of banking but he expects that, in consequence of the havoc wrought by inflation in Europe, an era of the gold standard can only come again when gold has become an article of commerce, and is freely bought and sold.

According to the author, who was formerly Hungarian State Secretary of Commerce, the causes of the monetary weakness of the countries in Europe are to be found not only in the enormous increase of paper money, but in the slowing down of its circulation in consequence of the rise in price of all commodities. In addition to that there is the destruction of goods caused by the war, the difficulties of transport and of procuring raw materials and machines, the lack of labor, and the high cost of production. As a result too few goods are produced which interest foreign buyers and lead them to buy the currency of the European countries. The most important thing is, however, to get rid of the disparity between currency and goods, by contracting the former and increasing the latter.

The weak countries will have to be content with a currency based on a certain stock of gold held for this purpose, but without a free interchange of notes for gold (gold-nucleus currency), or with an even more modest currency, that is, of such a nature that in the bank of issue there is no gold reserve but instead of that a stock of bills of exchange, checks, demand notes, etc., payable in other countries in which there is a gold basis to the currency (gold-bill of exchange currency). In a pamphlet (*Monetary and Currency Standards*, Vienna, 1921) I have desig-

nated such systems as forms of paper currency. For the rest I agree with the author that the main object of the weak countries must be to attain such a level of value of their currency as is moderately stable, and to increase their industrial, agricultural and mining production, and their exports.

Vienna.

E. SCHWIEDLAND.

HARDING, W. P. G. *The federal reserve system as related to American business.* (Philadelphia: Federal Reserve Bank of Philadelphia. 1922. Pp. 28.)

HARE, L. *A study of exchange direct and through the medium of currency.* (London: King. 1921. 2s. 6d.)

HAUPTMANN, M. *Le crédit après la guerre.* (Louvain: Imp. Ceuterick. 1921. Pp. 30.)

JUST, R. *Die Geldinflation mit besonderer Berücksichtigung der Geldpolitik der Schweiz während des Weltkrieges.* (Jena: Fischer. 1921. Pp. iv, 114. 18 M.)

KAVANAUGH, T. J. *Bank credit methods and practice.* (New York: Bankers Pub. Co. 1921. Pp. 241. \$2.50.)

KEMÉNY, G. *Die fremden Wechselkurse und die Umwälzung der internationalen Wirtschaftsbeziehungen.* (Essen: Baedeker. 1921. Pp. 124. 16 M.)

KERSCHAGL, R. *Die Lehre vom Gelde in der Wirtschaft.* (Vienna: Manz. 1921. 10 M.)

KNIFFIN, W. H. *American banking practice.* (New York: McGraw-Hill, 1921. Pp. xii, 389. \$3.50.)

The purpose of this book is to furnish a simple and complete statement of the operations of a bank. It describes the functions of the receiving teller and the paying teller; the methods of collecting checks; the organization of information used in making loans; the character of the various kinds of loans; the procedure in bank accounting; and the administration of the bank. Illustrations of credit instruments and of forms used in bank transactions are presented. The Uniform Negotiable Instruments law is printed as an appendix.

MONTARNAL, H. *Traité pratique du contentieux commercial de la banque et de la bourse.* (Paris: Marcel Rivière. 1922.)

MORGAN, G. W. and PARKER, A. J. *Banking law of New York, chapter 2 of consolidated laws, chapter 369, laws of 1914.* Sixth edition. (New York: Banks Law Pub. Co. 1921.)

RENARD, G. *La vie chère.* (Paris: O. Doin. 1921. Pp. 252.)

ROBERTSON, D. H. *Money.* (London: Nesbets. 1922. 5s.)

SELIGMAN, E. R. A. *Currency inflation and public debts.* (New York: Equitable Trust Co. 1921. Pp. 86.)

SMITH, J. A. *Sidelights on banking.* (Los Angeles, Calif: Bankers Service Co., 811 Garland Bldg. 1922. Pp. 32.)

SUBERCASEAUX, G. *El sistema monetario i la organización bancaria de Chile.* (Santiago, Chile: Soc. Imp. i Lit. Universo. 1920. Pp. 404.)

TOWERS, G. F. *Financing foreign trade.* (Montreal: Royal Bank of Canada, Head Office. 1921. Pp. 95.)

VALGREN, V. N. and ENGLEBERT, E. E. *Farm mortgage loans by banks, insurance companies, and other agencies* (bull. no. 1047). *Bank loans to farmers on personal and collateral security* (bull. no. 1048). (Washington: Gov. Prtg. Office, Supt. Docs. 1921. 5c each.)

WILLIS, H. P. and EDWARDS, G. W. *Banking and business.* (New York: Harper. 1922. Pp. x, 573. \$3.50.)

WIPRUD, A. C. *The federal farm loan system in operation.* (New York: Harper. 1921. Pp. xix, 280. \$2.)

The first hundred pages of this book, written by the vice president of the Federal Land Bank of Saint Paul, contain a semi-popular presentation of the manner in which federal land banks and national farm-loan associations function, the purpose being to set forth the "real object and worth" of the new rural credit system "in its coöperative aspects." Special attention is given to an analysis of the coöperative features of the Farm Loan act, and "the coöperative spirit which permeates the federal farm-loan system." There is also an introductory chapter contributed by Ex-secretary of the Treasury W. G. McAdoo.

The remainder of the book consists of an appendix which contains a brief chapter on the joint-stock land banks, a text and index of the Federal Farm Loan act (covering, in all, 118 pages), a bibliography of public documents and writings favorable to the system, and the recent opinion of the United States Supreme Court in upholding the constitutionality of the Farm Loan act.

The author heartily endorses the position taken by Ex-secretary McAdoo in his introductory chapter that in the case of farm-loan bonds "tax exemptions must be maintained because they are absolutely necessary if the farmers are to be assured an ample supply of long-time credits at reasonable rates of interest" (p. xvii). Nothing is said concerning the other side of the question, namely, the effects of tax exemption under a régime of graduated income taxes. The author seeks to justify the exemption of farm-loan bonds on the ground that there are many other kinds of tax-free securities in the market, also that tax exemption is a subsidy which the American farmer needs (p. 45). It would be difficult to find many economists who would take this view of the matter. While few would object to the exemption of farm-loan bonds from the personal property taxes of the various states, practically all would agree that the income from all securities, whether federal, state, municipal, etc., should be subject to federal income taxes. Unfortunately, the tax-exemption policy now in force tends to nullify the purpose of graduated income taxes, and to shift the tax burden more and more to those having relatively small incomes.

The book should prove to be a convenient source of information on matters pertaining to the farm-loan system. But the author's defense of the tax-exemption and coöperative features of the Federal Farm Loan act is far from convincing.

GEORGE E. PUTNAM.

Commercial banking practice under the Federal Reserve act. Third edition, revised to October, 1921. (New York: National Bank of Commerce. 1921. Pp. 178.)

Depreciated exchange and international trade. (Washington: U. S. Tariff Commission. 1922. Pp. 118. 15c.)

The federal reserve system—its purpose and work. The Annals, vol. XCIX, no. 188. (Philadelphia: Am. Academy of Political and Social Science. 1922. Pp. 229. \$1.)

Proceedings of the forty-second annual meeting of the Building Association League of Illinois. (Chicago: Am. Building Assoc. News Pub. Co. 1921. Pp. 110.)

Public Finance, Taxation, and Tariff

Outlines of Public Finance. By MERLIN HAROLD HUNTER. (New York: Harper & Brothers. 1921. Pp. xviii, 533. \$3.25.)

Teachers of public finance, who have long been restricted in the choice of texts, will doubtless welcome this addition to the field of short general treatises on the subject. The book is written in straightforward, clear language. It possesses unusually good section headings given in concise sentence form. The arrangement of subject-matter and the judgment exercised in leaving certain things out and putting other things in will doubtless not please everyone, but the general results are commendable. The content is strictly up-to-date, including such items as the new federal budget law and discussion of the proposed sales tax. Generally speaking, confusing technical details and space-filling tables have been omitted. Perhaps the carping critic can find some excuse for tearing the volume to shreds, but the reviewer believes that it is a book well adapted to class instruction and to the uses of the general reader engaged in private study.

The main divisions of the subject follow the standardized order of discussion, namely, expenditure, revenue, public indebtedness, the administration of public funds, and "financing an emergency." There is nothing particularly new or startling in the two chapters given to expenditure. However, the characteristics and the classification of expenditures are attractively presented. Sixty per cent of the reading matter in the book is devoted to revenue; fifty per cent, to taxation. Public debts and fiscal administration are restricted to one fairly short chapter each. In connection with the latter subject, attention should be called to the sections on state budget systems and the administration of municipal finance. Following the discussion of emergency finance, there is a brief chapter on the cost of war which every militarist could read with profit. While this topic might have been considered under expenditures at the beginning of the book, it forms a fitting conclusion to the study of war finance.

The author follows Bastable in discussing shifting and incidence prior to explaining the nature and history of the various kinds of taxes. This scheme has its merits in that it gives the reader a better back-

ground for judging the virtues of different taxes than is the case where the arrangement is reversed. If we investigate such questions as progression in taxation, the faculty theory, and the canons of taxation before we examine the details of a tax system, why not complete the foundation work by surveying the general principles of shifting and incidence?

The order in which taxes are treated is apparently largely a matter of convenience since most classifications are held to be of little value in providing air-tight compartments for taxes as they actually function. Chapters are given to customs duties, property taxes, income taxes, inheritance taxes and, in addition, there are the long-needed chapters on property tax reform, the taxation of corporations, and the single tax. To secure condensation, and not at all because they are related, excises, capitation taxes, and business taxes are thrown together in a single chapter. The excess-profits tax is treated very briefly under war finance.

On controversial matters the author avoids extremes. For example, he states that while "the extensive use of taxes has much to commend it," yet "the proper combination of loans and taxes forms the best war finance policy." Again, he has no sympathy for a single tax of any kind, although he acknowledges the value of agitation for a single tax on economic rent in so far as it has emphasized the defects in our fiscal system. Other illustrations of this kind might be given in connection with his discussion of shifting and incidence, the separation of state and local tax sources, and customs duties. The even temper of the book will not be relished by the propagandist, but it should be of material help to the student who is just beginning to grope his way through the intricacies of fiscal policy.

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Taxation, Yesterday and Tomorrow. By ROBERT JONES. (London: P. S. King & Son. 1921. Pp. 147. 3s. 6d.)

"This little volume," says the preface, "is not written as a textbook, though it contains textbook material." It seems to have been written in an attempt to present the newest leveling theories of taxation in a favorable light to those unacquainted with them, but whether intended more to educate the stolid conservative or to stimulate the radically inclined reader is not apparent. The writer is a disciple of the Webbs and is already known as the author of *The Nature and First Principle of Taxation*. He has a warm sympathy with most of the "liberal" fiscal proposals of the day, which leads him at times into statements that are certain to excite suspicion or provoke opposition. This is especially true of the first half of the book.

Examples are the following: on page 5 the author states that if the British government had received all the rent of British land, no taxes would have been necessary before the war; he states (p. 43) that Henry George's maxims of taxation are decidedly better than Adam Smith's; he speaks (p. 49) of the "diminution of taxes by State and municipal enterprises" as a modern development, as if it were an unquestioned fact that such enterprises have generally enabled taxes to be diminished. Of course, some of these provoking statements are matters of opinion concerning which the author may be right, but the dogmatic style in which they are made neither convinces nor conciliates.

Another instance may also be mentioned, not very important in itself, but nevertheless an example of misleading inference—that is, the description of Solon's income tax (if it was an income tax) as steeply progressive. Inasmuch as the highest rate went into effect when the income reached 500 medimni, or 850 bushels of grain, it must be considered a degressive tax, not a progressive one. Such a yield can easily be obtained from a sixty-acre farm; it could hardly have been the equivalent in purchasing power of more than \$2000 of present-day money income. Moreover, the amount of tax collected from each class is not known, nor whether it was an annual tax or an extraordinary levy.

On the other hand, the later chapters of this book deserve to be highly recommended. That on justice in taxation is very good indeed, largely because it takes into account opposing views, and endeavors to explain and reconcile them. There is a very interesting passage on the psychology of ethical standards leading to the conclusion that changes must come by steps rather than by leaps and that men's "reasonable expectations" should be secured as far as possible.

Like nearly all recent English writers on finance, Mr. Jones considers the capital levy and its alternatives, of which he favors a ten-year scheme involving increased super-taxes and inheritance duties—in fact a deliberate attempt to take all "unproductive surpluses" for the public use. He would even establish an absolute maximum of £10,000 for inheritances. "There is no case," he says (p. 118), "in economics or in ethics, for the inheritance of any but moderate fortunes."

Mr. Jones submits his proposals not as part of a revolutionary program, but as an alternative to violent revolution. As such they deserve careful consideration, and in fact should be much less seriously opposed by economists than by readers not acquainted with theories of margins and surpluses.

RUFUS S. TUCKER.

Harvard University.

NEW BOOKS

- ANDREWS, A. B. *Per capita cost of courts. Revised addendum of January 6, 1922.* (Raleigh, N. C.: Author, 239 Fayetteville St. 1922. Pp. 16.)
- BARTON, W. E. and BROWNING, C. W. *Federal income tax laws; correlated and annotated, including the act of 1921.* (Washington: John Bryne & Co. 1922. Pp. 525. \$10.)
- BEMAN, L. T., compiler. *Selected articles on current problems in taxation.* (New York: H. W. Wilson Co. 1921. Pp. vii, 350. \$2.25.)
- BRAND, R. H. *War and national finance.* (New York: Longmans, Green. 1922. Pp. xii, 287. \$5.)
- DIETZ, F. C. *English government finance, 1485-1558.* Studies in the social sciences, vol. IX, no. 3. (Urbana, Ill.: Univ. of Illinois. 1922. Pp. 235. \$2.25.)
- FASSETT, C. M. *Handbook of municipal government.* (New York: Crowell. 1922. Pp. viii, 192. \$1.50.)
- FASTOUT, A. *Une politique financière.* (Paris: G. Crès. 1922. 4.50 fr.)
- GRILLI, C. *Il protezionismo dopo la guerra.* (Rome: Author, Viale della Regina 86. 1921. Pp. 1921.)
- HAWTREY, R. G. *The exchequer and control of expenditure.* (New York: Oxford Univ. Press. 1921. Pp. 72. \$1.)
- LEVER, E. A. *A primer of taxation: an introduction to public finance.* (London: King. 1922. Pp. 106. 2s. 6d.)

This little pamphlet is a simply written introduction to public finance, intended to enable the common British voter to understand the taxing system of his country, both national and local. There are also chapters on public expenditure, the budget and the public debt. There is nothing startling in the theories stated. The only serious error is one of which J. S. Mill was equally guilty, viz., the denial of any element of voluntariness in indirect taxes. Neither of these writers perceives the great difference between avoiding the payment of a tax by dispensing with the taxed article, if the tax is imposed on a dispensable commodity, and on the other hand merely saving an amount sufficient to pay the tax by dispensing with some luxury, if the tax is a direct one. Aside from this, the book is very well adapted to its purpose.

RUFUS S. TUCKER.

- LHÔTE, J. *La douane en France et à l'étranger.* (Poitiers: Lib. P. Oudin. 1922.)
- MAYERS, L. *The federal service: a study of the system of personnel administration of the United States government.* The Institute for Government Research studies in administration. (New York: Appleton. 1922. Pp. xvi, 607. \$5.)
- Deals largely with the personal force of the government, with chapters on "Selection of employees," "Classification and standardization of salaries," and "The maintenance of individual efficiency."
- MOEHLMAN, A. B., THOMAS, J. F. and ANDERSON, H. W. *An analysis of the 1922-1923 budget requests of the Board of Education of the City of Detroit.* The Detroit Educational Bulletin, no. 8, Feb., 1922. (Detroit, Mich.: Bd. of Education. 1922. Pp. 64.)

MONTGOMERY, R. H. *Income tax procedure—1922*. (New York: Ronald 1922. Pp. xxi, 1911. \$10.)

With the enactment of the new income tax law comes a new edition of Montgomery's handbook. As stated last year a new edition at least once every year is necessary on account of the multitude of new rulings. The 1922 edition, while retaining the many excellent features noted in the reviews of earlier editions published in the *AMERICAN ECONOMIC REVIEW*, has had to be in large part rewritten not only on account of the new statute but to give consideration to the important court rulings and Treasury decisions.

The Revenue act of 1921 was analyzed by Professor Roy G. Blakey in the *AMERICAN ECONOMIC REVIEW* for March 1922, so it is unnecessary to present in this connection any outline of the changes made by the new law.

Montgomery expresses bitter disappointment over the new law. "It is long and complicated"; it denies "discretion to Commissioner of Internal Revenue"; "it omits reference to" certain "items of income" and "fails to deal with" certain "items of deductions"; "it neglects to specify how the Commissioner shall settle the omitted items, and then comes chaos." "The truth of the matter is that Congress did not have the courage to face the issue and exact an understandable law." The author is in accord with many others that we ought to have and probably will have another new law soon.

Congress seems to be moving, slowly indeed, to a recognition of the fact that all gains and profits are not income. The establishment by the new law of a new category of gains (Montgomery mistakenly calls them "income") known as "capital gains" may be hailed as the first step toward a definition of income more nearly in accord with the common man's ideas. Montgomery still runs his hobby that earned income is discriminated against and that investment income should be still more heavily taxed than it now is. It seems a little strange that he cannot see that income from real estate has paid in property taxes the equivalent of an income tax of from 20 to 30 per cent before the federal income tax descends upon it; that income from corporations by reason of the property and other state and local taxes has likewise paid a tax equal to an income tax of 20 to 30 per cent, that furthermore the federal income tax on corporation profits is now 12½ per cent straight or above 14 per cent on dividends and that these burdens ranging from 20 per cent to 44 per cent are in addition to, in many if not all cases, the 4 per cent or 8 per cent normal tax and surtaxes which alone the earners are required to pay. Montgomery makes the naive suggestion that "where the real estate tax is already inordinately taxed the remedy should be sought in a reform of the state as well as the local tax system." It may well be pointed out that to provide any material relief the reduction in the property tax would have to be drastic indeed.

One great merit of Montgomery's treatise is that he never forgets that there are five income tax laws all more or less in force. He not only informs his readers of the "former procedure" in separate paragraphs, but in the general discussion points out the changes in as simple a manner as is possible in dealing with so intricate a subject.

CARL C. PLEHN.

University of California.

SELIGMAN, E. R. A. *Essays in taxation*. Ninth edition completely revised and enlarged. (New York: Macmillan. 1921. Pp. 806.)

In the new edition of the *Essays in Taxation*, we find some of the earlier essays brought down to date and five new chapters added. The new chapters consist of addresses and papers published since 1913, the date of the last previous edition.

One of the five is on The Next Step in Tax Reform and discusses the classification of property and the income tax. This was the presidential address at the ninth annual conference of the National Tax Association (San Francisco, 1915). Another is on The Relations of Federal, State and Local Revenues, a combination of two papers, one read before the Second Pan-American Congress, 1915, and another before the New York State Tax Association, 1917. Another is on The War Revenue Acts and consists of an article published in the *Political Science Quarterly* in 1918. This one has been amplified by notes and appendices. Another is on Loans versus Taxes in War Finance, reprinted from the volume on *Financing the War* in the *Annals of the American Academy of Politics and Social Science*, 1918. The remaining one is on The Cost of the War and How it Was Met, from the *AMERICAN ECONOMIC REVIEW*, 1919.

It is well worth while to have these essays, together with those previously assembled, all in one volume.

CARL C. PLEHN.

_____. *The shifting and incidence of taxation*. Fourth edition revised. (New York: Columbia Univ. Press. 1921. Pp. xii, 431.)

The changes in this edition of the volume on *Shifting and Incidence* are comparatively slight. There are a dozen or so additions to the discussion of the older literature, and some changes in the presentation of the theory of capitalization and of the incidence of taxes on profits and surplus. The changes as to capitalization consist of footnote references to more recent discussions, mostly to those which arose from the new British land taxes, and of an additional illustration of the effect of unequal taxes on like capital items. The changes with reference to the tax on profits are two new footnotes. Professor Seligman still considers that the "real problem" * * * "is to ascertain the conditions according to which a tax is shifted forward, backward, or not at all," and stops when he has ascertained "on whom the tax ultimately falls" without going on to consider the "effects produced by the pressure of taxation on the various classes or individuals."

CARL C. PLEHN.

SHAH, K. T. *Sixty years of Indian finance*. (London: King. 1922. 21s.)

TAUSSIG, F. W. *Selected readings in international trade and tariff problems*. (Boston: Ginn. 1921. Pp. x, 566.)

This most recent volume of readings for the use of students of economics, compiled by Professor Taussig for the study of international trade and tariff problems, invites comparison with the editor's earlier collection of materials published thirty years ago. The present volume is wider in scope than the *State Papers Relating to the Tariff*. In part III, about 100 pages, are compressed the essentials of the documents and speeches found in the earlier volume with some additional material, chiefly speeches, relating to the American tariff controversy. It is significant that nothing in the utterances of public men on this subject

since the first administration of Governor Cleveland seems to have been found of sufficient importance to warrant their inclusion.

Part I, dealing mainly with the theory of international trade, contains selections from Ricardo, J. S. Mill, Cairnes, and Taussig, and also the excellent study of the balance of trade of the United States since 1821 by Professors Bullock, Williams, and Tucker, and Professor Taussig's *Quarterly Journal* article on the probable future of our trade.

While the reprinting of these selected readings will prove a great convenience for purposes of class instruction, it is the group of readings in part III that will be of most service to American students, to whom they have hitherto for the most part been inaccessible. They deal with the practical tariff problems of European states. Reference is made particularly to Professor Alfred Marshall's *Memorandum on the Fiscal Policy of International Trade* (1908) and M. Méline's report of the French tariff commission of 1892; but above all, to the group of translations from the writings of Wagner, Bretano, and Richard Schüller on the grave problems with which the German people were confronted about the beginning of the century, when they thought they still had a choice between the abandonment of the policy of self-sufficiency and the acceptance of the perils of an industrial state. With this phase of commercial and industrial statesmanship, our publicists fortunately have never had, seriously, to concern themselves; Hamilton's brush with the agrarians of his day was purely academic. A perusal of these selections will give American students a keener appreciation of the gravity of European tariff and trade problems and doubtless lead to the conclusion that our own tariff problems have, by comparison, been rather petty.

GEORGE O. VIRTUE.

Budget 1922-1924, Commonwealth of Virginia. (Richmond, Va.: Governor's Office. 1922. Pp. 404.)

Digest of constitutional provisions regarding the limitations of municipal indebtedness. (Madison, Wis.: Legislative Reference Library. 1921.)

Federal income tax; summary of the law applicable to individuals including income tax exemptions of Liberty bonds. (New York: Columbia Trust Co. 1921.)

Federal income taxes for 1921. (New York: Standard Statistics Co., Inc. 1921. Pp. 64.)

Federal taxes for 1921, the Revenue law of 1921, public no. 98. (New York: Federal Trade Information Service, 175 Fifth Ave. Pp. v, 127. 75c.)

Handy-digest, federal income tax. 1922 edition. (Baltimore, Md.: A. Brown & Sons. 1921. Pp. 63.)

Internal revenue regulations 48 (revised Dec. 1921) relating to the excise taxes on works of art and jewelry, under sections 902 and 905 of the Revenue act of 1921. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. 5c.)

Practical questions and answers on the federal tax laws (individuals, partnerships and corporations), Revenue act of 1921. (New York: Irving National Bank. 1922. Pp. 144.)

Revenue act of 1921. Complete text, reference notes, tables and index. (New York: National Bank of Commerce. 1922. Pp. 288.)

Population and Migration

NEW BOOKS

AUBERTIN, F. *La natalité*. (Paris: G. Crès. 1922. 9 fr.)

HOURLWICH, I. A. *Immigration and labor: the economic aspects of European immigration to the United States*. (New York: Huebsch. 1922. Pp. xxxii, 574.)

JOHNSEN, J. E., compiler. *Selected articles on the negro problem*. (New York: H. W. Wilson Co. 1921. Pp. xxxv, 370. \$2.25.)

MOSSELL, S. T. *The standard of living among one hundred negro migrant families in Philadelphia*. (Philadelphia: Am. Academy of Social and Political Science. 1921. Pp. 50.)

A thesis presented to the faculty of the Graduate School of the University of Pennsylvania in partial fulfillment of the requirements for the degree of Doctor of Philosophy. Reprinted from *The Annals*, vol. XCVIII, Nov., 1921.

SAVORGAN, F. *Demografia di guerra e altri saggi*. (Bologna: Nicola Zanichelli. 1921. Pp. 219. 12 l.)

Population and its distribution; compiled from the figures of 1920 United States census; including distribution of retail and wholesale dealers. Third edition. (New York: J. Walter Thompson Co., 244 Madison Ave. 1921. Pp. x, 335. \$5.)

Social Problems and Reforms

What is Social Case Work? An Introductory Description. By MARY E. RICHMOND. (New York: Russell Sage Foundation. 1922. Pp. 268. \$1.00.)

A book which analyzes social case work and reveals more of the method is always welcome. In spite of the parts that are confusing and obscure this book has in it so much that is fine, useful, and constructive that it represents a real contribution to social work literature. The earlier chapters present six different types of problems and are valuable both for teaching purposes and for the wholesome philosophy which they present. The main theme, however, is the meaning of social case work. After laboring somewhat heavily on the word personality the author concludes that "social case work consists of those processes which develop personality through adjustments consciously effected, individual by individual, between men and their social environment." The development of personality is made the essential characteristic of case work. The reader is greatly astonished to discover on a later page that "social case work includes those social and useful adjustments which are made with and for individuals, whether or not they lead directly to the development of personality." In following the thought of the book the reader must realize that much water has flowed by in recent years but this discussion makes one wish

that the author had repeated her previous definition of case work presented in 1915 instead of this new definition so unceremoniously deprived of its supporting pillars. The definition apparently substitutes a part for the whole; it is a sort of sociological synecdoche, for no doubt the development of personality is an important function of social case work.

The field of social case work is carefully circumscribed by the author and due recognition is given to the importance of other forms of social work. In fact so much caution is exercised, so often is the term "mass action" used and the pretensions of social case work repressed, that a much better understanding of each other by the various groups of social workers will inevitably follow. The value of social case work, both to group work and to social research, might have been further stressed.

The reader realizes that a new day has dawned when he glimpses such statements as, "it is perilously easy for case workers to assume a rather selfish autocratic rôle." "A man can become so weakened by unfavorable conditions that it is impossible for him to want progressively." "What man does for himself counts for more toward his permanent well-being than the things that are done for him." "The most successful social work policies are. . . . (also) the fullest possible participation of the client in all plans."

The author wisely says that an intelligent person with tact and good will might perform any one of a long list of tasks but only a trained person would succeed with a combination of these services—a statement which gives vitality to the demand for trained workers. The challenge to the student of heredity to make an equally thorough study of the mental and social life of man is most pertinent. The latter part of the book deals with several concrete forms of social case work, such as those relating to the home, the school, the workshop, the hospital and the court. There is also an appreciation of the possibilities of government as a case work agency.

G. B. MANGOLD.

NEW BOOKS

BOYLE, J. E. *Rural problems in the United States*. The national social science series. (Chicago: McClurg. 1921. Pp. 142. \$1.)

Professor Boyle emphasizes in this book the point of view that a community can know itself and can make certain very definite choices which will affect its well-being. He believes that what the farmer really needs is definite and constructive thinking and inspiration that leads to self-help and that it is an illusion that legislation can cure all the economic and social ills of the farmer. In various chapters are discussed such questions as the food-supply, rural conditions and rural needs, the rural home, the rural school, the country church, the country store, the country bank, the country newspaper, and farm and home

bureaus. The soul of the rural community is considered in the final chapter. The various problems are treated in an interesting and suggestive way and the conclusions advanced are based on sound economic and practical knowledge.

GEORGE M. JAMES.

CLOPPER, E. N. *Rural child welfare*. (New York: Macmillan. 1922. Pp. 355. \$3.)

COTTON, H. A. *The defective, delinquent, and insane; the relation of focal infections to their causation, treatment, and prevention*. (Princeton, N. J.: Princeton Univ. Press. 1921. Pp. xvi, 201.)

CRANE, C. D. *Tobacco an assassin of liberty; the whole story*. (Dayton, O.: Author, box 724. 1921. Pp. 127. 50c.)

DARBY, J. E. *Jesus an economic mediator; God's remedy for industrial and international ills*. (New York: Revell. 1922. Pp. 256. \$1.50.)

ELLWOOD, C. A. *The reconstruction of religion*. (New York: Macmillan. 1922.)

EMERSON, G. *The new frontier: a study of the American liberal spirit, its frontier origin, and its application to modern problems*. (New York: Holt. 1920. Pp. xii, 314.)

Contains chapters on "Public opinion and the industrial problem," and "The need for fifty million capitalists."

FASSETT, C. M. *Assets of the ideal city*. (New York: Crowell. 1922. Pp. xv, 177. \$1.50.)

Contains chapters on public utilities, transportation, and health.

FINNEY, R. L. *Causes and cures for social unrest*. (New York: Macmillan. 1922. \$2.50.)

GILLETTE, J. M. *Rural sociology*. (New York: Macmillan. 1922.)

HAYES, A. W. *Rural community organization*. (Chicago: Univ. of Chicago Press. 1921. Pp. 128. \$1.50.)

"This study is an attempt to arrive at the proper local unit which lends itself to comprehensive community organization." "In a discussion of rural organization and allied fields the lack of a central guiding policy becomes evident." These two sentences, the opening words of the preface and the first chapter respectively, show at once the author's purpose and the limitations which have characterized work of this kind in the past.

In searching for a red thread running through, or perhaps it might better be said running around, a country community, Dr. Hayes considers the trade area, the small school district, the consolidated school, and ways and means of organization. Very noticeably the author holds the belief that community problems are to be worked out around the school as a nucleus.

B. H. H.

HEALY, W. *The practical value of scientific study of juvenile delinquents*. Children's Bureau pub. no. 96. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 31.)

HORWOOD, M. P. *Public health surveys; what they are, how to make them, how to use them*. (New York: Wiley. 1921. Pp. xxii, 403. \$4.50.)

JACOB, C. L., compiler. *Bibliography on vocational guidance; a selected*

list of vocational guidance references for teachers. Federal Board for Vocational Education, bull. no. 66. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 35.)

KOLB, J. H. *Rural primary groups: a study of agricultural neighborhoods.* Research bull. 51. (Madison, Wis.: Univ. of Wisconsin, Agri. Experiment Sta. 1921. Pp. 81.)

LE BON, G. *The world in revolt. A psychological study of our times.* (New York: Macmillan. 1921. Pp. 256. \$4.)

For exposition and interpretation of world perplexities, psychology is overworked. Dr. Le Bon found many grateful readers for his methods as applied to *crowds*. But five years ago, in an atmosphere dangerously inflamed, he explained to us the psychology of the Great War, obviously a far more hazardous task. The author was generous in this, that he did not acquit western peoples from some share of guilt. His use of "mysticism" made this and many another difficulty easy. Mysticism carries our race ideals. It is far more powerful than the flickering processes of reasoning. Kultur was such an ideal to the Germans.

In the present volume, which is a "study of our times" this mystical factor is so incessantly on hand as to excite misgivings in the friendliest reader.

We are told that "the majority of political, military, economic or social questions belong to the province of psychology. Statesmen, generals and manufacturers even invoke its services daily." We learn that while psychology was very uncertain in the past, the science now "becomes capable of throwing light on the most difficult problems." The World War, in fact, was a vast laboratory of experimental psychology. While raising no objection to this claim, it is disconcerting to have this mystical handy-man so constantly on the job. Five times on a single page (p. 15) we read of "mystic forces," "mystic ideals," "mystic influences," "mystic illusions," and the like.

Elsewhere we have "the mystic ideal of hegemony," "mystic propaganda," "mystic forces," on page 85. "Mystic logic" does service at the very point where we want anything in the world except "the mystic." Our hesitation at this appeal seems further justified by the fact that the author's more distinctive "points," suggestions, or proposals, as well as the main criticisms, have become very familiar to us through writers like Brailsford, Angell, Lowes, Dickinson, Russell, and others, who instruct us quite as well in simpler ways.

The volume falls into seven books: The Mental Evolution of the People; Conflicting Principles in Modern Warfare; Influence of Psychological Factors in Battle; The Propagation of Beliefs and the Orientation of Opinions; The New Revolutionary Tempest; Political Illusions of Today; Political Disorganization of Europe. There is much acute criticism of the Great State idea, but singularly little constructive suggestion about measures necessary to the creation and maintenance of smaller communities. He notes the disastrous inefficiency of the government control of railways in the United States during the war: "They were then ruined and almost bankrupt," as if railway authorities and banking interests before the war were without their share of blame in this unhappy result.

JOHN GRAHAM BROOKS.

LINDEMAN, E. C. *The community; an introduction to the study of community leadership and organization.* (New York: Y. M. C. A. Press. 1921. Pp. ix, 222.)

MACGARR, L. *The rural community.* (New York: Macmillan. 1922. Pp. 236.)

MUIR, R. *Liberalism and industry: towards a better social order.* (Boston: Houghton. 1921. Pp. xii, 208. \$1.75.)

"Liberalism is a habit of mind, a point of view, a way of looking at things," says Mr. Muir. Therefore the attitude of the English liberal must be restated with every great change in political and industrial conditions. Mr. Muir does not attempt to formulate a definite program of action, but he does define clearly the ends and ideals of liberals in the period of reconstruction. It is a point of view which reflects the enlightened self interest of the middle-class business and professional man. We are not surprised to learn that the liberal favors a wide distribution of capital ownership, anti-trust legislation, free trade and general efficiency in administration. In America, however, the advocacy of industrial councils for the control of industry, nationalization of natural monopolies, land value taxation, and income taxes graduated up to 75 per cent, would be looked upon as radical rather than liberal.

G. B. L. ARNER.

ODUM, H. W. *Attainable standards in municipal programs. Report of first regional conference of Town and County Administration.* (Chapel Hill, N. C.: Univ. of North Carolina, Extension Div. 1921. Pp. 130. 60c.)

OGAWA, G. *Conscription system in Japan.* Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1921. Pp. 245.)

PETTIGREW, R. F. *Triumphant plutocracy.* (New York: Rand Book Store. 1922. \$1.)

TOOPS, H. A. *Trade tests in education.* (New York: Teachers College, Columbia Univ. 1921. Pp. 118. \$1.50.)

WEBB, S. and WEBB, B. *English prisons under local government.* (New York: Longmans, Green. 1922.)

WILSON, J. *The labor movement and the church.* (Boston: Stratford Co. 1922. Pp. 73. \$1.50.)

WINSLOW, L. L. *Elementary industrial arts.* (New York: Macmillan. 1922. Pp. xiv, 335. \$1.20.)

WOOFER, T. J., JR. and FISHER, I., editors. *Coöperation in southern communities; suggested activities for county and city inter-racial committees.* (Atlanta, Ga.: Commission on Inter-racial Coöperation. 1921. Pp. 66.)

ZIMAND, S. *Modern social movements.* (New York: H. W. Wilson Co. 1921. Pp. 260. \$1.80.)

Contains summaries and bibliographies on trade unionism, the coöperative movement, copartnership, national industrial councils, the Plumb plan, the single tax, socialism, guild socialism, syndicalism, bolshevism, and anarchism.

American Child Hygiene Association, eleventh annual meeting, St. Louis,

1920. (Baltimore, Md.: Association, 1211 Cathedral St. 1921. Pp. 440.)

Eye conservation in industry; part of the study of waste in industry conducted under the auspices of the Federated American Engineering Societies. (New York: Eye Sight Conservation Council of America, Times Bldg. 1921. Pp. 29. 25c.)

English prisons today: being the report of the Prison System Enquiry Committee. (New York: Longmans, Green. 1922. \$8.50.)

Maternity and child care in selected rural areas of Mississippi. Child welfare series, no. 5. (Washington: Gov. Prtg. Office, Supt. Docs. 1922.)

Physical and vocational rehabilitation of disabled men and women who are seriously injured while under the protection of the Workmen's Compensation law of Oregon. (Portland, Oregon: State Industrial Accident Commission. 1922. Pp. 31.)

Seventh annual report of the City Planning Board. (Boston: City Planning Bd. 1921. Pp. 29.)

State-wide social service in Massachusetts. (Boston: Dept. of Public Welfare. 1921. Pp. 11.)

Whittier social case history manual. Research bull. no. 10. (Whittier, Calif.: California Bureau of Juvenile Research, Whittier State School. 1921. Pp. 98. 25c.)

Insurance and Pensions

NEW BOOKS

CAHILL, J. C. and JONES, B. *Negligence and compensation cases annotated, with pleadings and forms.* Vol. XX. (Chicago: Callaghan. 1921. Pp. xlii, 1050.)

COX, R. L. *National health in the life insurance mirror.* Address delivered at the fifteenth annual meeting of the Association of Life Insurance Presidents. (New York: Author, Metropolitan Life Insurance Co. 1922. Pp. 12.)

GIRARD, J. *Éléments d'assurances: incendie, vie, accidents.* (Paris: Dulac Frères, Lib. des Assurances, 8, Rue Lamartine. 1921.)

HOBBS, C. W. *The powers of casualty insurance companies.* Address delivered before the one hundred and sixty-first meeting of the Insurance Society of New York. (Boston: Commissioner of Insurance. 1922. Pp. 11.)

MANES, A. *Versicherungs-Staatsbetrieb im Ausland. Ein Beitrag zur Frage der Sozialisierung.* Third edition. (Berlin: Sigismund. 1919. Pp. 128. 4.80 M.)

This, the third edition of Professor Manes' book on the nationalization of insurance, was written as an answer to the claim that insurance in all its branches was "ripe" for taking over by the state and for creating a national monopoly of the institution. The study covers the experience of all countries of the world and reviews the results secured in conducting state insurance in life, accident, transportation, fire, hail, cattle, industrial,

re-insurance, etc. In practically all of these fields the author finds that but indifferent success, if not complete failure, has attended the experiments. He sums up his conclusions in the following three statements:

(1) The experience of all state ventures in the field of insurance (excluding compulsory) is that attempts in competition with private companies have at best produced only moderately successful results and only in very exceptional cases have they surpassed the private institutions. (2) State monopoly institutions, in which only voluntary insurance is provided, show even less success than the preceding, most probably on account of the lack of competition. (3) State monopolies in which insurance is compulsory have produced favorable results as regards property fire insurance, but in other fields the results have been varying though for the most part unfavorable.

The reasons that led foreign countries to adopt state insurance systems were not financial; they did not expect to derive revenue from this source. In some instances it was to prevent foreign companies from taking out of the country large sums of money, in others to aid in introducing certain social insurance branches, in others to advance agriculture, in others to provide forms of insurance that private companies did not offer, etc. The author closes his study with the suggestion that the solution of the problem lies rather in making insurance ripe for heavier taxation than for nationalization.

H. J. H.

RICHARDS, E. G. *The experience grading and rating schedule. A system of fire insurance rate-making based upon average fire costs.* Revised edition. (New York: Van Nostrand. 1921. Pp. 157.)

The revised edition of *The Experience Grading and Rating Schedule* does not differ fundamentally from the first edition published in 1915. Some changes in detail have been made; there is proposed a new plan for measuring the "moral hazard" in terms of individual credit standing and fire record; and the exposition has been rearranged and decidedly improved.

Rating methods in the fire insurance business have changed but slightly since 1915 and the author continues his arraignment of existing fire insurance rates which are the result of personal judgment, bargaining power and business expediency. His principal thesis, that rates should be made by classes on the basis of ascertained loss experience, is of real interest to economists. He proposes to allocate the social cost of fire losses in such a way that the fire insurance expense connected with each class of property shall accurately reflect the fire hazard of the class. The "schedule" is a statistical plan for allocating the cost of fires. Property is to be classified by industries, construction, geographical location, adequacy of protection, surroundings, etc., and on each class the fire loss and insurance written are to be compiled. The fire loss per one hundred dollars of insurance carried on each class of property is to furnish the basis for insurance premium rates.

This volume is a valuable contribution to the literature of rate making. Experience, statistically ascertained, should unquestionably enter largely into the calculation of fire insurance rates. In practical application it would probably be necessary to modify considerably the details of Mr. Richards' scheme, but the significance of his proposal is found not so much in these details as in the thesis that experience should be the determining factor in calculating rates. More general insistence on this

principle may be expected as time goes on, particularly if governmental supervision of rates is extended, as it seems likely to be.

Accumulation of a sufficient body of experience for rate-making purposes would require at least a decade. It therefore behooves students of the business carefully to examine proposed statistical plans and to formulate a method of ascertaining experience which gives promise both of furnishing adequate data and of freedom from defects in practical operation. The length of time required for accumulation of fire insurance experience makes changes in a plan peculiarly difficult and inadvisable. Hence the necessity of careful formulation in the first instance. Even with such careful formulation application will in practice indicate the necessity of changes. A plan is to be desired which, at the start, offers the greatest flexibility in application without making impossible the combination of experience accumulated before and after its revision. The Richards "schedule" outlines the basic features of such a plan.

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VALGREN, V. N. *Crop insurance: risks, losses, and principles of protection.* Dept. Agri. bull. no. 1043. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 27. 5c.)

Digest of workmen's compensation laws in the United States and territories, with annotations. Seventh edition, revised to Dec. 1, 1921. Compiled by F. R. JONES. (New York: Workmen's Compensation Publicity Bureau. 1921. Pp. 389.)

Fire insurance in New England for ten years, December 31, 1911, to December 31, 1920, inclusive. Twenty-second edition. (Boston: The Standard Pub. Co. 1921. Pp. 304.)

Lengthening life through insurance health work. A study of the trends of mortality among policy-holders in the Metropolitan Life Insurance Company, Industrial Department, and the United States registration area, 1911 to 1920. (New York: Metropolitan Life Ins. Co. 1922. Pp. 11.)

Sixteenth annual report of the President and of the Treasurer of the Carnegie Foundation for the Advancement of Teaching. (New York: The Foundation, 522 Fifth Ave. Pp. 205.)

Part VI deals with pension systems and pension legislation including a brief discussion of industrial pensions.

Pauperism, Charities, and Relief Measures

Poverty and Dependency: Their Relief and Prevention. By JOHN LEWIS GILLIN. (New York: The Century Company. 1921. Pp. 707. \$4.00.)

Professor Gillin has added a very valuable book to the literature on problems of poverty. It is a careful digest of the material in this field and is thoroughly permeated with a sane and progressive philosophy. *Poverty and Dependency* is much more comprehensive than the title implies. It is divided into five parts dealing respectively with the Problems of Poverty, Causes of Poverty, Methods of Relief, Special

Classes of Dependents, and a Program of Preventive Work. A very valuable feature of the book consists of the well-stated definitions given to the various terms employed by the author. These furnish an excellent starting point for the discussion of each problem. After the approach to the question is definitely stated the causes of poverty and dependency are classified and the analysis should prove most helpful and illuminating to the student.

The book contains a well-organized account of the development of the various phases of relief work, including a frank discussion of their failures and successes. It also employs the characteristic method of presenting arguments for and against a particular program of action. Usually the reader is not allowed to remain adrift, but Dr. Gillin comes to the rescue by presenting his own viewpoint. The careful student of the book will be impressed with the painstaking efforts made to present historical backgrounds and to link up the past with the present. Possibly some of this material was not needed to give the book the necessary degree of completeness. The writer discusses the place and function of the almshouse in our American relief system. Frequently he refers to the institution as the "poorhouse." Lack of facts unfortunately make it difficult to complete the discussion of outdoor relief, and later statistics than those given would strengthen the chapter on the subject. Nevertheless, the sympathetic handling of the problem will aid greatly in developing a sound public opinion. The state control of charitable agencies constitutes another controversial issue. The book outlines the functions of state boards of charities and state boards of control, together with the weaknesses of each of these organizations. The discussion at this point might have been strengthened through additional attention to the system of centralized control, such as that which has appeared in Illinois, and more recently in Massachusetts.

In part four, dealing with special classes of dependents, the principal chapters relate to the aged dependent, the insane, the epileptic, the feeble-minded, dependent children, drug addicts, mothers' pensions, the unemployed, and the soldiers, sailors and marines. Each of these chapters confines itself largely to methods of treatment, although the extent of the problem is discussed in reference to several of these groups of cases and the causes of unemployment are briefly outlined. This part of the book, however, specializes on methods of care and treatment. There is a comprehensive discussion of old-age pensions, followed by the conclusion that the non-contributory system is desirable, and alternative suggestions are presented for the care of persons not eligible to such attention. A new chapter in books of this character is the one presenting the problem of the child born out of wedlock. The chapter is timely and also presents a considerable program of action.

In spite of their past failures, mothers' pensions have come to stay and the problem before us is more efficient administration. The program for preventing unemployment follows standard lines of thought, but the author also adds the features of a proposed unemployment-prevention law recently introduced into the Wisconsin legislature. The book does not deal with the problem of disaster relief which it seems should have been entitled to a chapter. Nor do we find a discussion of endowments or community trust funds. Furthermore, the discussion of sterilization omits reference to the interesting developments in California in recent years.

The strength of the book culminates in an able discussion of a preventive program. No modern text on this subject would be complete if it did not place emphasis on this point. The program as outlined aims not only to prevent poverty but other social ills as well. There are chapters on a number of very important subjects. Our health program must be socialized and a system of compulsory health insurance should eventually be adopted. Increasing emphasis must also be placed on a program of health education. The compact chapter on Socialized Neighborliness presents the function and opportunity of the social settlement, and Socialized Religion has long since deserved a chapter in books which outline a plan of social improvement. Socialized Property brings to the student an understanding of the limitations that may wisely be placed on the institution of private property. In addition the function of education, recreation, and efficient government in improving our social life is outlined. The author recognizes that the increase of population is a serious factor and needs to be controlled but he deals rather cautiously with a projected program. Many will regret the omission of a chapter dealing with other phases of the economic program necessary for the prevention of dependency. They are not covered adequately in the chapter on Socialized Property.

The book is adapted for use in college and university classes. The array of topics included and the volume of subject-matter make it a valuable guide for the student. It is one of a few books that can be used for this purpose and because of its organization and scope it should command a leading place. Its omissions are relatively minor and can be supplemented by the competent teacher.

GEORGE B. MANGOLD.

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NEW BOOKS

DEVINE, E. T. and BRANDT, L. *American social work in the twentieth century.* (New York: The Frontier Press. 1921. Pp. 62.)

"Expanded from an article contributed by the authors to the *Encyclopaedia Britannica.*"

- KELSO, R. W. *The history of public poor relief in Massachusetts, 1620-1920.* (Boston: Houghton Mifflin. 1922. Pp. 200. \$2.50.)
- KERBY, W. J. *The social mission of charity; a study of points of view in Catholic charities.* (New York: Macmillan. 1921. Pp. xv, 196.)
- SLINGERLAND, W. H. *Child welfare work in Colorado; a study of public and private agencies and institutions, and conditions of service, in the care of dependent, delinquent and defective children.* Extension series no. 43. (Boulder, Colo.: Univ. of Colorado. 1922. Pp. viii, 174.)
- SPRINGER, E. M. *Children deprived of parental care: a study of children taken under care by Delaware agencies and institutions.* Children's Bureau pub. no. 81. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 96.)
- WATSON, F. D. *The charity organization movement in the United States.* (New York: Macmillan. 1922. \$3.50.)

Socialism and Co-operative Enterprises

The Consumers' Coöperative Movement. By SYDNEY and BEATRICE WEBB. (London: Longmans, Green & Company. 1921. Pp. xv, 504. \$6.50.)

This most recent volume from the Webbs is by far the most complete and satisfactory statement yet made of what we understand by consumers' coöperation. It is the work of ardent, life-long friends of the movement, but there are warnings and admonitions in plenty, even criticism all the more severe because of the authors' outright championship of the cause.

In six long chapters—nearly 500 pages in all—we are given, first, enough historic detail to interpret later developments: the rise of federal institutions—wholesalers, banking, and insurance; the strife over the employees and their relation to consumers' administration; the hopeful yet disturbing issues arising from the war; remedial defects and shortcomings; and finally much acute speculation as to the future. Thirty years of intensive work on trade unions, coöperation, labor-copartnership and local government precede this final survey. No one should welcome it more than those who oppose socialism. Never has the socialist objective been outlined with more lucidity or with less compromising qualification. The authors maintain that consumers' coöperation is to supersede the capitalist system. This system is toppling as feudalism toppled and fell. Coöperation is to take production and distribution out of the hands of individual profit-makers. The private rent-receiver is to fare no better. We see thus why the authors so cleanly cut out labor copartnership, coöperative credit banks, together with producers' associations like those of Denmark and Sir Horace Plunkett. They do not undervalue these, but will not have them an integral part of the consumers' movement. This latter pro-

duces and distributes solely for use. We are told roundly and repeatedly that this motive must be under democratic direction without "the stimulus of pecuniary gain." The chapters are packed with what are believed to be solid proofs that this more disinterested motive has not only worked but is working with rapidly increasing efficiency.

In the entire exposition of this evidence there is an almost pitiless record of blunders, apathies and shortcomings—all the friction from overlapping and that between employees and those who manage stores and factories. The trade unions fighting for higher pay, better conditions, and a shorter day do not see eye to eye with employees interested first in cheapened products and the "divvy." That one section of labor is here pitted against those representing other sections of labor has become as painfully clear as in the outside capitalist world. Equally clear is the tendency everywhere to sag toward the old familiar method of the competitive system. In spite of efforts, a great deal of credit has still to be granted or trade goes elsewhere. Frequent strikes have occurred and more are threatened. The "melancholy fact" is noted that, as coöperation has grown, apathy toward every earlier ideal hangs like an incubus on the movement.

Too often "management committees"—together with the less energetic officials—"actually prefer an apathetic membership." "Agitators" here are as offensive as elsewhere.

These conceded laxities would be very deceptive if it were not added that the authors hold stoutly to the faith that, at every point, the evils are fewer and more easily removed than corresponding ones in capitalism. The relentless competition of the private profit-maker, we are told, drives the coöperator to most of these backslidings.

There is nothing better in the volume than the insistence that as coöperators are in neck-to-neck rivalry with capitalism, their only hope or justification is a distinctly superior service to the consuming public. Against capitalism "it has perpetually to compete for raw materials, for service of brain-workers and skilled operators, for customers and trade. Except in so far as it can effect a genuine improvement or economy of management" it should go to the wall. It is a fair challenge.

The real value rendered by the authors is in their abundant and detailed evidence of enormous growth both in mass and variety of services. No review of this length can give the least adequate account of the thoroughness and excellence which the Webbs have brought to this task.

The writer asked Lord Bryce before his recent departure from this country for an opinion on their works. He spoke with unqualified praise, ending "they are very able, very able."

JOHN GRAHAM BROOKS.

NEW BOOKS

BENEDICT, B. *The larger socialism*. (New York: Macmillan. 1921. Pp. 248. \$2.50.)

With the catastrophe of the war and the collapse of the old social order in Russia, the socialist movement in Europe was brought down out of the clouds of Marxian dialectics to face the realities of a period of social revolution. In this country, however, the Socialist party still clings to its old theories and tactics in the face of a steadily decreasing vote and membership. Mr. Benedict, himself still a party member, appeals in this book for a broader conception of the socialist ideal and a revision of tactics which would amount to a revolution within the party.

The Socialist party in more than twenty years of active propaganda has never been able to poll seven per cent of the vote in a presidential election, and its local successes have been confined to a few cities where the foreign born population is large. This weakness is at least partly due to the failure of its leaders to understand the American voter. Socialist writers and speakers have insisted on viewing social phenomena in the light of Marxian theory and basing their appeal on self interest and class interest, when an ethical appeal to right and justice would have been more effective. Within the party a strange distrust of each other has led the members to establish and maintain an unwieldy form of organization in which endless debates and referenda absorb their energies and enthusiasm. The results of doctrinaire thinking and clumsy party machinery were shown in the crisis of the war. Since no action could be taken without a referendum vote, the convention which was expected to protest against the declaration of war could not meet until after war was a fact. Then a tactless and exaggerated platform was adopted which had no effect except to bring the party into conflict with the authorities.

With all its criticism of party methods, the book is essentially constructive. The author appeals for a broader conception of socialism which will include all the highest ideals of a regenerated world. His goal is social justice, social efficiency, peace, and progress. He believes that the Socialist party can be reorganized and its tactics so changed that it can unite the widespread radical sentiment in America and become the political instrument through which the ideal of a better world may be realized.

G. B. L. ARNER.

BEKKER, G. *Le mouvement coopératif en Russie et la renaissance de la Russie*. Travaux de l'Institut de Sociologie, Instituts Solvay. (Brussels: Maurice Lamertin, Rue Coudenberg, 58-62. 1921. Pp. v, 175. 12 fr.)

CASCADEN, G. *Shall unionism die? Report on "Red" Union International Congress held in Moscow, Russia*. (Detroit, Mich.: John Kiviniemi, 5330 Rohns Ave. 1922. Pp. 96. 20c.)

DÖRZBACHER, *Die deutsche Sozialdemokratie und die nationale Machtpolitik bis 1914*. (Gotha: Perthes. 1920.)

GAUMONT, J. *Histoire abrégée de la coopération en France et à l'étranger*. (Paris: F. Rider et Cie, 7, Place Saint-Sulpice. 1922. Pp. 196.)

KAMENEFF, L. *Dictatorship of the proletariat*. (Detroit, Mich.: Marxian Educational Society. 1921. Pp. 16. 10c.)

LANDAU-ALDANOV, M. A. *Lenin*. Authorized translation from the French. (New York: Dutton. 1922. Pp. ix, 241. \$3.)

Contains biographical material and description, with chapters on the theories of the social revolution, fundamental ideas of bolshevism, platform of the French Socialist party, and the socialism of the near future.

LASKI, H. J. *Karl Marx: an essay*. (London: Fabian Society. 1922. 1s.)

LENIN, N. *Great initiative*. (Detroit, Mich.: Marxian Educational Soc. 1921. Pp. 32. 15c.)

———. *Left wing communism*. (Detroit, Mich.: Marxian Educational Soc. 1921. Pp. 118. 50c.)

LIPPMANN, W. *Public opinion*. (New York: Harcourt, Brace & Co. 1922. Pp. ix, 427.)

Chapter 19 is entitled "The old image in a new form: guild socialism."

LOUIS, P. *La crise du socialisme mondial de la IIe à la IIIe Internationale*. (Paris: Lib. Félix Alcan. 1922. 8 fr.)

LOZOVSKY, A. *Trade unions in soviet Russia*. (Detroit, Mich.: Marxian Educational Soc. 1920. Pp. 92. 50c.)

MICHELIS, R. *La teoria di Marx della miseria crescente*. (Turin: Fratelli Bocca. 20 l.)

ROWAN, J. *The I. W. W. side of the lumber industry and its autocratic control over labor*. (Seattle, Wash.: Raymer's Old Book Store, 1330 First St. 1921. Pp. 64. 25c.)

STROEBEL, H. *Socialisation in theory and practice*. Trans. by H. J. STENNING. (London: King. 1922.)

SZAGORSKY, S. *La République des Soviets, bilan économique*. (Paris: Payot. 1922.)

TRAVERS-BORGSTROEM, A. *Mutualism, a synthesis*. (London: Macmillan. 1921. Pp. xxvi, 97.)

A preliminary sketch of the author's plan for social readjustment is given here. By mutualism is meant a partnership between the individual and the state for the control of land and capital. Land would be owned by the state and assigned in permanent leaseholds to bona-fide cultivators for a percentage of the product. Capital would also be held by the state subject to "mutualistic" control. The author's presentation is not always clear and he admits that he has not been able to work out all of the necessary details of the plan. In the introduction the Travers-Borgstroem Foundation at the University of Berne announces for 1924 liberal prizes for the best essays on the nationalization of credit. G. B. L. A.

The theses and resolutions of the third world congress of the Communist International. (New York: Lyceum-Literature Dept., Workers Party of America, 799 Broadway. 1922. Pp. 200.)

Statistics and Its Methods

Income in the United States, its Amount and Distribution, 1909-1919.

Vol. I, *Summary*. By the staff of the National Bureau of Economic Research, Inc.: WESLEY C. MITCHELL, WILLFORD I. KING, FREDERICK R. MACAULAY, and OSWALD W. KNAUTH. (New York: Harcourt, Brace and Company. 1921. Pp. xvi, 152. \$1.25.)

The first volume of the Bureau's report on income is a summary intended for general use. In conformity with this purpose it does not discuss details of method, at least not to the extent of justifying them to the statistician and of offering him the opportunity to check up results or to use the same data in a different way. The detailed statistical basis and method of the estimates are to appear in a second volume. Doubtless the extent of use of the work will be much increased by this means. At the same time the reviewer is cut off from opportunity to find fault. Not that there is occasion to complain of this plan of publication, which is well considered. Indeed, it may properly be expected with the appearance of the second volume to give the statistician more in the way of technical details that will enable him to pass judgment upon the estimates than he would otherwise obtain.

The plan of the authors is comprehensive and they have covered the ground adequately. The book is therefore a highly important contribution to economic statistics or quantitative economics (as the reader may prefer), and will doubtless supersede any previous works on this subject for the United States. The following review of the chapters shows what is attempted:

The introductory chapter states the questions to be answered, suggests available materials and methods and indicates the two ways pursued in estimating the national income (one by sources of production and the other by incomes received). The size of the national income is dealt with in the second chapter, the results obtained by the two methods being stated, the composition of the two totals indicated, their combination effected, the amounts reduced to terms of pre-war values, and comparisons made with other countries. The third chapter deals with the distribution of national income, including its distribution between employees and others, amounts and numbers above and below the \$2,000 line, and finally its distribution among individuals. The final chapter briefly summarizes the conclusions. There are also 29 tables and 31 charts, all within the compass of the 149 small pages of the body of the report.

Perhaps one should say this shows what has been done rather than attempted. But the proof of this pudding is not in the eating of *this volume*. Meanwhile the authors show themselves sophisticated in mat-

ters of statistical method and technique. The presumption is that, when we are told more than that this is Mr. King's result and that Mr. Knauth's, we shall find the basis of the estimates acceptable.

There are some limitations upon the significance of the results which are worth stating, even though it is not intended to suggest that the study has not gone far enough for the present. Such a limitation (or several of them) is involved in accepting money (for the purposes of this study) as a final measure of income. The income of farmers is for this reason comparable with that of the rest of the population only with qualifications. Probably farmers did not produce any more (relatively to the total product) in 1919 than in 1910, but they probably *received* much more (again relatively). In 1920 they received less than in 1919 *partly because they produced more*.¹ Monetary terms are not adequate to the quantitative economics involved in such situations. Let us hope that it will be possible ultimately to obtain something more adequate than merely pecuniary means of measuring the material foundations of welfare.

The measurement of income by sources of production suggests a related qualification as to the significance of certain sorts of apparently productive effort. The effort may be wasted, as in the construction of a building that collapses before completion. Is there income in such a case? The effort may be that of bucket-shop touts or sellers of fraudulent stocks. It may be that of personal servants whose time is at the disposal of a woman whose life is merely parasitic. Is there an income-product in these cases? Those occupied in such ways receive income, but it is derivative merely, and those who nominally earn it produce neither material goods nor appreciable net utility. Similar questions might be raised as to the significance for income of the large increase in the number of government employees during the war. These things are mentioned as involving further problems, suggested by, rather than properly included in, the present study. We have not received answers to all important questions regarding income until we are told the extent of potentially productive effort that is diverted by means of derivative income into channels of waste.

Dr. Macaulay criticizes, and thinks he reverses, the interpretation given to the slope of the curve of income as drawn to a double logarithmic scale by previous writers (p. 123, footnote). This statement calls, at least, for further explanation.²

¹The reviewer here refers to the production of goods, not of exchange value.

²The reviewer has been able to refer only to Pigou, but from his remarks it appears that both Pareto and Bowley draw the curve to a vertical scale for income and to a horizontal scale for number of persons—the opposite of the plan of similar curves in the book under review—which fact should have some bearing on what is meant by steepness and slope. The section of the curve of income on which most

The book is an important contribution to quantitative economics in a field where progress in economics is conspicuously needed. It is a long step in the direction of a quantitative theory of the distribution of income to individuals, or to groups and classes of individuals, which will be of more scientific as well as practical value than certain familiar discussions of distinctions between rent and interest.

It is an interesting example of a composite product which appears to have benefited by its multiple authorship. It is to be noted also that this is, in another sense, not a product of individual endeavor. It comes from a statistical organization. Productive scholarship along statistical lines needs the assistance of computers and tabulators and calculating machines and other devices. If our university professors are to be expected to be productive along such lines, it would seem that their statistical departments should be provided with funds for such work. The occasional work of professors in government bureaus does not meet the needs of the situation. The machines will naturally cost relatively less than the books made available in the university libraries and the tabulating and computing personnel should be expected to cost relatively more than the library cataloguers and messengers.

G. P. WATKINS.

Washington, D. C.

NEW BOOKS

- DAVIES, G. R. *Introduction to economic statistics.* (New York: Century. 1922.)
- HANSEN, A. H. *Cycles of prosperity and depression in the United States, Great Britain and Germany. A study of monthly data, 1902-1908.* (Madison, Wis.: Univ. of Wisconsin. 1922. Pp. 112. \$1.)
- HÜBNER, O. *Geographisch-statistische Tabellen aller Länder der Erde. 66. Jahrg.* (Vienna: L. W. Seidel & Sohn. 1921. Pp. xv, 158. 15 M.)
- INGALLS, W. R. *Wealth and income of the American people. A survey of the economic consequences of the war.* (York, Pa.: G. H. Merlin Co. 1922. Pp. xiv, 321.)
- MARCH, L. *International Statistical Commission report, with annexes.* (Geneva: League of Nations. 1921. Pp. 35.)
- MARSHALL, W. C. *Graphical methods for schools, colleges, statisticians, engineers and executives.* (New York: McGraw-Hill. 1921. Pp. vii, 258. \$3.)
- ZIZEK, F. *Grundriss der Statistik.* (Munich: Duncker & Humblot. 1921. Pp. 480.)

Professor Zizek sets out to teach us how to construct statistics which are to be depended on and of which the meaning is unmistakable. He is light is thrown by available statistics also has a bearing upon the meaning of the slope.

a man of learning who studied in Paris, and then was a practical statistician in Vienna, and later professor in the department of statistics at Frankfurt.

The book is a large one. The first part describes at length the method of statistics: the collection of materials, the manipulation of them by building them up into groups, the working out of relations and averages, the search for empirical uniformities which can be derived from the figures, and so on. The second part contains the material part of statistics: tables relating to the population, economic relations and culture of the nations. In his presentation of these the author constantly reaches back to his first part containing the principles of his science, and seeks the method which gives the best results on the questions of political economy or sociology. The statistics of political economy are specially dealt with—production, distribution, transportation, consumption, and some orders of facts which have not hitherto been treated statistically, such as the statistics of banking, of stocks and shares, and balances. Important sections also deal with the statistics of labor and finance.

E. SCHWIEDLAND.

Vienna.

Criminal statistics for the year ended September 30, 1920. (Ottawa, Canada: Dominion Bureau of Statistics. 1921. Pp. xviii, 326. 30c.)

Family budgets of American wage-earners; a critical analysis. (National Industrial Conference Board, research report no. 41. (New York: Century. 1921. Pp. viii, 97. \$1.)

Index-numbers des prix du commerce de gros en Belgique. (Brussels: Ministère de l'Industrie, du Travail et du Ravitaillement. 1921. Pp. 12.)

Official year book of New South Wales, 1920. (Sydney: Bureau of Statistics. 1921. Pp. 157.)

Résultats préliminaires due recensement de la population du Février 1921. République Tchèqueoslovaque. (Prague: L'Office de Statistique. 1921. Pp. xl, 63. 24 C.)

Résumen anual de estadística municipal (ano XVIII, 1920). (Montevideo, Uruguay: Dirección de Censo y Estadística de Montevideo. 1921. Pp. 324.)

Statistical work: a study of opportunities for women. (New York: The Bureau of Vocational Information, 2 West 43rd St. 1921. Pp. 154. 60c.)

This volume is the second in a series of studies in occupations made by the Bureau of Vocational Information. Its purpose, as the title indicates, is to direct attention to the opportunities for women in statistical work.

The discussion covers: (1) the nature and use of statistics; (2) statistical methods; (3) kinds of positions; (4) fields in which statistical workers are employed; (5) preparation advisable; (6) vocational considerations; and (7) sketches from the experience of workers. The first two parts are composed of a series of quotations, somewhat sketchy, from various authors. These sections are altogether unsatisfactory. The subject-matter and the method of treatment are inadequate to give the unin-

initiated an understanding either of the nature and use of statistics or of statistical methods, while the contents cover familiar ground without adding anything new for those who already have some knowledge of the subject. Parts three and four outline the types of positions now filled by women statistical workers in government departments, business, statistical service organizations, education, and social work. Brief descriptions of work done by different women in the various fields are given from time to time. These, however, must be interpreted as individual instances and not as representative samples of the statistical work in general for each organization. These parts, together with the later discussion of the preparation deemed advisable by those already in the field, and of the advantages and limitations of this type of service, will be of considerable value to college students and to vocational guidance bureaus.

The volume may well be called a handbook of information for those who are equipped to tabulate figures and draw diagrams. It offers little to those who have passed through this preliminary stage and are trained to interpret results and present conclusions.

BLANCHE L. ALTMAN.

Northwestern University.

Statistics of municipal finances. Fourteenth annual report for city and town fiscal years ending between November 30, 1919 and March 31, 1920, Commonwealth of Massachusetts. Pub. doc. 79. (Boston: Commissioner of Corporations and Taxation. 1921.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstract of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

- ANSIAUX, M. *Le phénomène de l'intérêt et son explication*. Rev. de l'Inst. de Soc., July, 1921. Pp. 12. A study of the Marxian and the Austrian theories of interest and an inquiry of a place for the theory of capitalization in the latter.
- BARNES, H. E. *Some typical contributions of English sociology to political theory*. Am. Journ. Soc., Jan., Mar., 1922. Pp. 44, 15. A scholarly survey of the recent literature of the nature and functions of political-social institutions.
- BÖHM-BAWERK, E. *Zur Zinstheorie Marshall's*. Ek. Tids., no. 12, 1921. Pp. 10. A criticism of Marshall's theory of rent.
- VON BORTKIEWCZ, VON L. *Objektivismus und Subjektivismus in der Werttheorie*. Ek. Tids., no. 12, 1921. Pp. 23. A study of the objective and subjective factors in the theory of value.
- CARVER, T. N. *The equilibrium wage*. Annals Am. Ac. Pol. and Soc. Sci., Mar., 1922. Pp. 3. "The only wage... that needs to be based upon the cost of living... is the minimum wage below which we do not consider it decent to allow anyone to live." As for others "the equilibrium of demand and supply would be a better indication than any figures that any body of experts would be likely to find."
- FEIS, H. *The requisites of a policy of wage settlement*. Annals Am. Ac. Pol. and Soc. Sci., Mar., 1922. Pp. 6. "Any policy of wage settlement will have to reckon with a large number of difficult requirements, which cannot be wholly reconciled with each other. No single principle such as that of 'relative rating' will suffice to meet them all."
- FREDERICK, J. G. *Our new economic levels*. Pacific Rev., Mar., 1922. Pp. 16. "The relation between money, time, merchandise, and progress of every kind is bending and changing because of the war."
- FRIDAY, D. *An extension of value theory*. Quart. Journ. Econ., Feb., 1922. Pp. 23. "Once we recognize that all valuation is purposive we have a test for the validity and sufficiency of any institution of pecuniary valuation like the market or the court sitting in a rate case."
- HOLLANDER, J. H. *The economist's spiral*. Am. Econ. Rev., Mar., 1922. Pp. 20.
- IOTAYKO, J. *La productivité et la durée du travail*. Rev. de l'Inst. de Soc., July, 1921. Pp. 32. An attempt to state the questions involved in "the organization and the administration of labor" as a theoretical problem, having physiological, psychological, industrial, social, economic, and juristic aspects."
- KANTOR, J. R. *An essay towards an institutional conception of social psychology*. Am. Journ. Soc., Mar., 1922. Pp. 17. There is "an imperative need for an adequate psychological conception, because social phenomena consist in part at least of psychological facts and because most current psychological conceptions are worthless for the interpretation of social facts."
- LIEPMANN, R. *The chief problem of economic theory*. Quart. Journ. Econ., Feb., 1922. Pp. 8. A reply to Kleene's review of his *Grundsätze der Volkswirtschaftslehre*.
- LOVEJOY, A. O. *The paradox of the thinking behaviorist*. Philos. Rev., Mar., 1922. Pp. 13. "To maintain even a decent semblance of consistency, the behaviorist

should at least refrain from professing to know anything. Behaviorism, in short, belongs to that class of theories which become absurd as soon as they become articulate."

- MITCHELL, T. W. *The determination of wage rates*. Annals Am. Ac. Pol. and Soc. Sci., Mar., 1922. Pp. 15. "The wage question is a question, first, of the productivity of industry, second, of proportion between the income of different groups of workers and not of division between workers and employers."
- OGGURN, W. F. and THOMAS, D. *Are inventions inevitable*. Pol. Sci. Quart., Mar., 1922. Pp. 17. "The distribution of mental ability... is such that there is great possibility of considerable frequency of exceptional native ability. The manifest native ability necessary to produce may be rare because the native ability has not been trained... A specific invention depends upon a certain cultural preparation and could not be made without the existence of the constituent cultural elements."
- OHLIN, B. *II. S. Collins betydelse för den svenska penningteoriens utveckling*. Ek. Tids., no. 10-11, 1921. Pp. 3. A critical estimate of the contributions of Collins' brochure written in 1829 on monetary theory in Sweden.
- ORCHARD, J. E. *Rent of mineral lands*. Quart. Journ. Econ., Feb., 1922. Pp. 29. "After nationalization of mineral rights, if the government operates the mines, a part of all of the present royalties can be passed along to the consumer or to the laborer." If rights are leased "to private operators, neither the consumer nor the laborer can benefit directly... If all royalties are abolished and free mining is permitted, the consumer and laborer can benefit only to the amount of the marginal royalty. The more fertile mines will continue to yield a surplus and that surplus will go to operator."
- PARETO, V. *La question sociale*. Scientia, Jan. 1, 1922. Pp. 10. The "social problem" involves the organization for the production of wealth as well as for its distribution.
- PATTERSON, E. M. *Factors determining real wages*. Annals Am. Ac. Pol. and Soc. Sci., Mar., 1922. Pp. 7. "Labor is one of the contributors to a joint product, but... the part it has produced is indeterminate. Instead of deluding ourselves with the belief that it can be ascertained... we should concern ourselves more over the effective functioning of industry."
- PLEHN, C. C. *Income in the United States*. U. of Cal. Chronicle, Apr., 1922. Pp. 5. A review of the recent study of *Income in the United States* by Mitchell, Knauth, Macaulay, and King.
- POUND, A. *The iron man and the job*. Atlantic Mo., Mar., 1922. Pp. 6. The introduction of the machine tends to the promotion of personal economic insecurity.
- . *The iron man and the mind*. Atlantic Mo., Feb., 1922. Pp. 11. "We must take account of the tendencies of our... repetitive industries to eliminate the creative instinct in the workers, to narrow the fields of craftsmanship, to discard entirely the contributions that could be had from their minds."—Herbert Hoover.
- RIGNANO, E. *A liberal socialistic program*. Monist, Jan., 1922. Pp. 11. "This reform in the law of succession, which would finally permit of the beginning of the much desired nationalization, by pacific and legal, but at the same time rapid, means, might and ought to represent... the minimum program of socialistic action that is capable of... attracting to itself the very large majority of the working and popular classes."
- RIST, C. *Quelques definitions de l'épargne. Essai de critique*. Rev. d'Econ. Pol., Dec., 1921. Pp. 24. A criticism and a subtle and articulate restatement of the theory of "provision for the future."
- SOMERVILLE, B. H. *The economics of utility*. Monist, Jan., 1922. Pp. 8. An example: "In choosing one's work, one should give equal consideration to two things: the usefulness of the work, and one's ability to do the work."

- SOMMARIN, E. *Kapitalränta*. Ek. Tids., no. 12, 1921. Pp. 12. Concerning the word "interest" and its use in economic terminology.
- SOULE, G. *The relation between wages and national productivity*. Annals Am. Ac. Pol. and Soc. Sci., Mar., 1922. Pp. 6. "Those engaged in the distributive process have apparently been receiving during the past twenty years an increasing share of the national product. This encroachment has been chiefly at the expense of the wage-earners."
- WOTHERSPOON, H. J. *Labor as service*. Constructive Quart., Mar., 1922. Pp. 13. A typical statement of a popular homiletical solution of all economic problems.

Economic History (United States)

(Abstracts by Amelia C. Ford)

- BEK, W. G. *Followers of Duden*. Missouri Hist. Rev., Jan., 1922. Pp. 19. Contains references to the farming methods and living customs of the first settlers.
- BONE, S. C. *The land that Uncle Sam bought and then forgot*. Rev. Rev., Apr., 1922. Pp. 9. Discusses Alaska's shrinkage in population, her coal resources, and the government railroad.
- BRITTON, W. *Pioneer life in south-west Missouri*. Missouri Hist. Rev., Oct., 1921. Pp. 44. Describes the mining and farming operations of the early days; also pioneer food and clothes. Continued in the January number.
- CONNOR, L. G. *A brief history of the sheep industry in the United States*. Annual Report of the Am. Hist. Assoc. for the year 1918. Pp. 77. Finds the American sheep industry characterized by three features: (1) the adoption of wool growing and the development of the Spanish merino as a wool-bearing animal by earlier flockmasters; (2) the decline of the eastern wool industry and the westward migration of the wool sheep; and (3) the change to mutton types both on the farm and the range.
- FORD, W. C. *Earliest years of the Dutch settlement of New Netherland*. Proc. of the N. Y. State Hist. Assoc., vol. XVII, 1919.
- HALSEY, F. W. *The beginnings of daily journalism in New York City*. Proc. of the N. Y. State Hist. Assoc., vol. XVII, 1919.
- JOPLING, J. E. *Brief history of the Cleveland-Cliffs Iron Company*. Mich. Hist. Mag., Jan.-Apr. 1921. Pp. 23. Sketches conditions of labor, transportation, profits, etc., in one of the earliest and largest iron-mining enterprises in the Lake Superior field.
- MORRISON, A. J. *The commerce of the prairies and Dr. Gregg*. Texas Rev., Oct., 1921.
- NICHOLS, J. P. *Advertising and the Klondike*. Wash. Hist. Quart., Jan., 1922. Pp. 7. Describes the advertising campaign carried on by the Seattle business men in rivalry with the other Pacific coast cities to secure profit and growth from the Klondike rush.
- NOTZ, W. *Die amerikanischen trade associations*. Weltwirtsch. Archiv, Jan., 1922. Pp. 19. Traces the recent rapid growth and four chief functions of trade associations, points out certain tendencies; concludes that this movement has had an exceedingly favorable influence on American economic life.
- RAMSDALL, C. W. *The control of manufacturing by the Confederate Government*. Miss. Valley Hist. Rev., Dec., 1921. Pp. 49. Describes the military regulation of the shoe and clothing shops for army supplies, the efforts to check profiteering, and the selfish policy of the state authorities.
- RANDALL, J. G. *George Rogers Clark's service of supply*. Miss. Valley Hist. Rev., Dec., 1921. Pp. 14. Details the administrative difficulties of Clark's campaign in regard to provisions and equipment.

- SCHMIDT, L. B. *Internal grain trade of the United States: 1860-1890*. Ia. Journ. of Hist. and Polit., Jan., 1922. Pp. 62. Discusses the competitive struggle after the Civil War between the lake and rail routes for the western grain and flour traffic. Third article in series.
- SMYTHE, W. E. *A new homestead policy for America*. Rev. Rev., March., 1922. Pp. 6. Summarizes the plans for extending the reclamation service to cut-over lands and abandoned districts in all sections of the nation.
- STIMSON, G. K. *Rail growth of Michigan's capital city*. Mich. Hist. Mag., July-Oct., 1921. Pp. 32. Traces railroad development in Michigan.
- SWEET, F. G. *Story of Battle Creek's first bank*. Mich. Hist. Mag., July-Oct., 1921. Pp. 9. Indicates the methods of a wild-cat bank.
- TRIMBLE, W. *Historical aspects of the surplus food production of the United States, 1862-1902*. Annual Report of the Am. Hist. Assoc. for the year 1918. Pp. 17. Sets forth the economic and social consequences upon both Europe and America of the development of quantity production for a world market; also the factors in the United States that caused this development.
- TRUE, R. H. *Early days of the Albermarle Agricultural Society*. Annual Report of the Am. Hist. Assoc. for the year 1918. Pp. 17. Describes the leaders, organization, and activities of this society of which Thomas Jefferson was a member.
- Minute book of the Albermarle (Va.) Agricultural Society*. Annual Report of the Am. Hist. Assoc. for the year 1918. Pp. 87. Records the various undertakings of the society to "promote the interests of agriculture and rural economy."

Agricultural Economics

(Abstracts by A. J. Dadisman)

- BHATNAGAR, R. P. *The ideal system of land tenure*. Indian Journ. of Econ., Dec., 1920. Pp. 14. Fundamental principles of land tenure are discussed.
- BJÖRKMAN, T. *Priserna på jordbruksfastigheter i Torna och Bara härader i Skåne, 1914-1920*. Ek. Tids., no. 10-11, 1921. Pp. 7. A study of land values and of the changes in price levels in the different commodities used and produced on the farms of two rural districts in Sweden, 1914-1920.
- DOIN, P. *Des limites dans lesquelles se conçoit en France une politique agraire*. Réforme Soc., Nov.-Dec., 1921. Pp. 16. A discussion of agricultural development in France with examples from other countries.
- DURAND, E. D. *Agriculture in Eastern Europe*. Quart. Journ. of Econ., Feb., 1922. Pp. 28. Development of agricultural conditions, and the present problems.
- ELY, R. T. *The National Agricultural Conference*. Am. Rev. Rev., March, 1922.
- FRAME, B. H. *The costs of crop production in Missouri 1921*. Mo. Sta. Bull. 190, Dec., 1921. Pp. 15. Detailed costs of producing wheat, oats, corn and hay; data from cost accounts and questionnaires. Additional data on cost in relation to yield. Fourteen tables.
- FRIDAY, D. *Agriculture and the business revival*. New Repub., Dec., 1921. Pp. 3. The interrelation of agriculture and other business.
- FRISELL, S. The southern farmer tries coöperative marketing. Am. Rev. Rev., Jan., 1922. Pp. 5. An example of successful coöperative marketing of cotton, tobacco, and peanuts.
- GRAY, L. C. *Helping landless farmers to own farms*. U. S. Dept. Agri. Yr. Book 1920. Pp. 18. A study of opportunities and methods of obtaining farm land. Two figures.
- MACEK, J. *Czechoslovakia: agrarian reform*. Intern. Rev. of Agri. Econ., Dec.,

1921. Pp. 11. A discussion of recent legislation aimed at breaking up large holdings and establishing small land owners.
- MEAD, E. *The new forty-niners*. Survey, Jan. 28, 1922. Pp. 9. An account of methods and progress of California land settlement.
- MEYER, E., JR. *Emergency credit for agriculture*. Survey, Jan., 1922. Pp. 4. How the War Finance Corporation has helped to provide money for agriculture.
- OHLIN, B. *Til frågan om skogarnas omlopptid*. Ek. Tids., no. 12, 1921. Pp. 26. An attempt to discover economic principles underlying the management of forests.
- PECK, F. W. *The cost of a bushel of wheat*. U. S. Dept. Agri. Yr. Book 1920. Pp. 8. An analysis of the cost of producing wheat. Two figures.
- ROHTLIEB, C. *De slumrande miljonernas värde*. Ek. Tids., no. 12, 1921. Pp. 10. Natural resources are valueless till they can be developed and utilized. The author fears that state appropriation will retard effective utilization.
- RUINI, M. *Le industrie e le esportazioni alimentari*. Riv. di Pol. Econ., no. 9, 1921. Pp. 28. The problems involved in the restoration of the pre-war scale of food production in Italy; suggested modes of action.
- VALGREN, V. N. and ENGELBERT, E. E. *Farm mortgage loans by banks, insurance companies, and other agencies*. U. S. Dept. Agri. Bull. 1047, Dec., 1921. Pp. 23. A study of farm mortgage loans, their costs and methods of repayment, from data obtained by questionnaires. Ten pages of tables.
- . *The credit association as an agency for rural short-time credit*. U. S. Dept. Agri. Cir. 197, Oct., 1921. Pp. 24. Development and features of the association are discussed and a suggestive state law given. Four tables and three figures.
- WELLIVER, J. C. *The agricultural crisis and the "bloc"*. Am. Rev. Rev., Feb., 1922. Pp. 8. The attitude of congress towards the agricultural crisis.
- Coöperative land-holding societies in Italy*. Intern. Rev. Agri. Econ., Oct., 1921. Pp. 16. The general plan of organization and management of the principal types is described.
- The progress of land settlement in Australia*. Intern. Rev. Agri. Econ., Oct., 1921. Pp. 12. State laws, special sales, leases, and land holdings are discussed. Eight tables are presented.
- The steps taken during the war to replace mobilized farmers and farm workers in France*. Intern. Rev. Agri. Econ., Oct., 1921. Pp. 19. Sources from which farm laborers were drawn and methods of handling the laborers.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ACWORTH, W. M. *Can the railroads earn a fair return?* Ry. Age, Jan. 28, 1922. Pp. 2. If rates do not yield a reasonable revenue, the balance should be made up by taxation.
- ARTRAND, T. P. *How federal valuation of the roads may be used*. Ry. Age, Feb. 4, 1922. Pp. 2. Uses under the law; also a check on the balance sheet, on financial conditions, on purchases on taxation, and on government purchase.
- BAKER, J. E. *Railroading in China*. Proc. Pacific Ry. Club, Mar., 1922. Pp. 7.
- BOEHLER, E. *Die englische Eisenbahnpolitik der letzten vierzig Jahre (1882-1922)*. Archiv f. Eisenbahnw., Jan.-Feb., 1922. Pp. 52.
- BOLTZER, *Die chinesischen Eisenbahnen im Jahr 1919*. Archiv f. Eisenbahnw., Jan.-Feb., 1922. Pp. 8.

- CLAPP, E. J. *An American transportation system*. I, Railroads. II, Merchant marine. III, Seaports. New Repub., Feb. 1, Mar. 15, Apr. 5, 1922. Pp. 4, 4, 2. Lack of system in railroad terminal location and operation. Total lack of system in marine rates and operation. A coördinated American transportation system needed.
- CORBINO, E. *Il protezionismo marittimo in Italia*. Giorn. d. Econ., Nov., 1921. Pp. 20, 44. The history of Italian shipping and ship subsidies to 1895.
- DAGGETT, S. *The railroad labor controversy of 1921*. U. of Cal. Chronicle, Jan., 1922. Pp. 22.
- DUNN, S. O. *Will the railways be consolidated?* Am. Rev. Rev., Jan., 1922. Pp. 4.
- HAGUET, J. *La revision des tarifs de transports*. Journ. des Transports, Feb. 4, 1922. Pp. 4.
- HOOVER, H. C. *Real program of railroad construction needed*. Ry. Age, Feb. 11, 1922. Pp. 4.
- HUNGERFORD, E. *An American railroad program*. Century, May, 1922. Pp. 9. The regional system of railway consolidation.
- . *French and English railroads*. Century, Apr., 1922. Pp. 6. Coördination, consolidation, and administration as worked out on the French and British railway systems.
- . *What's the matter with the railroads?* Century, Jan., Feb., Mar., 1922. Pp. 9, 9, 10. In three parts: I, *The problem defined*; II, *The human factor*; III, *Competition, efficiency, and economy*.
- HUTCHINS, F. L. *A study in railroad costs*. Annalist, Feb. 6, 1922. Pp. 2.
- JACKMAN, W. T. *Problem of the government railways in Canada*. Ry. Age, Mar. 11, 18, 1922. Pp. 4, 4.
- KING, P. *Henry Ford—marplot*. Forum, Feb., 1922. Pp. 11. Critical analysis of operations of Detroit, Toledo & Ironton R. R. under Ford management.
- LISMAN, F. J. *The consolidation of freight terminals*. Ry. Age, Feb. 25, 1922. Pp. 3. Not desirable for many reasons, but terminal efficiency must be increased.
- MACMILLAN, E. A. *The railroad transportation situation in soviet Russia*. Ry. Rev., Feb. 18, 1922. Pp. 6.
- PAISH, G. *The future of British railways*. Journ. Inst. of Transport., Jan., 1922. Pp. 7.
- PARMELEE, J. H. *Maintenance in 1921 failed to meet railway needs*. Engg. News Record, Mar. 9, 1922. Pp. 3. Three standards applied: expenditures, physical work done, and comparative physical condition.
- PARSONS, F. W. *Are we coming to synthetic railroads?* World's Work, Feb., 1922. Pp. 6. Question of railway consolidation.
- PECK, C. B. *Factors in the business of owning locomotives*. Ry. Age, Feb., 1922. Pp. 4. Work of motive power and operating departments of a railway.
- QUICK, H. *America an experiment in transportation*. Sat. Eve. Post, Feb. 25, 1922. Pp. 5. Historical considerations.
- . *Transportation possibilities and responsibilities*. Sat. Eve. Post, Mar. 4, 1922. Pp. 6. Electrical power as a solution to operating difficulties.
- RIPLEY, W. Z. *The problems of the railroads*. Ry. Rev., Feb. 4, 1922. Pp. 6. Regulation, labor, consolidation, and other problems.
- WHYTE, F. M. *Australia and its railways*. Proc. N. Y. Railroad Club, Feb. 17, 1922. Pp. 17. With maps.
- Die bayerischen Staatseisenbahnen in den Jahren 1917 und 1918*. Archiv. f. Eisenbahnw., Jan.-Feb., 1922. Pp. 10.

- Competition jeopardizes railroad earnings.* Mag. of Wall Street, Apr. 1, 1922. Pp. 4. Interview with Chairman Julius Kruttschnitt of Southern Pacific Co.
- Die Eisenbahnen in Norwegen in den Jahren 1918-1919 und 1919-1920.* Archiv. f. Eisenbahnw., Jan.-Feb., 1922. Pp. 8.
- Die Eisenbahnen der Schweiz in den Jahren 1918 und 1919.* Archiv. f. Eisenbahnw., Jan.-Feb., 1922. Pp. 10.
- A freight conductor's story.* Nation, Mar. 8, 1922. Pp. 2. Comparative earnings in 1920 and 1921.
- The French railway problem—and its solution.* Ry. Gaz. (London), Jan. 27, 1922. Pp. 2. The new scheme now in operation, with common fund for all lines, bonuses for efficient lines, and share of employees in management and profits.
- Die Gruppierung der englischen und nordamerikanischen Eisenbahnen.* Archiv. f. Eisenbahnw., Jan.-Feb., 1922. Pp. 8. Railway consolidation in England and the United States.
- Italian railways.* Ry. Gaz. (London), Apr. 18, 1922. Pp. 28. Historical sketch, with map and diagrams, and statistics.
- Die italienischen Staatsbahnen, 1914-1916.* Archiv. f. Eisenbahnw., Jan.-Feb., 1922. Pp. 16.
- Die Suitschang-Bahn (China).* Archiv. f. Eisenbahnw. Jan.-Feb., 1922. Pp. 6

Shipping

(Abstracts by E. S. Gregg)

- BOGERT, J. L. *A vital factor in economy of ocean transportation.* Pacific Marine Rev., Feb., 1922. A brief but forceful statement of the extent to which the character and direction of trade influences ocean shipping.
- HILL, N. *Reduced overseas carrying trade.* Shipbuilding and Shipbuilding Record, Feb. 16, 1922. Pp. 3. An analysis by the able secretary of the Liverpool Steamship Owners' Association.
- IDEN, V. G. *Equalizing seamen's wages.* Annalist, Mar. 6, 1922. An account of recent changes in wages and seamen's organizations.
- . *What is the emergency fleet costing?* Annalist, Mar. 20, 1922. An analysis of the fiscal operation of the Emergency Fleet Corporation, containing facts that should be given wide publicity.
- MONTELL, R. R. *The handwriting on the wall.* Pacific Marine Rev., Feb., 1922. Pp. 5. A brief in favor of the adoption of the motorship as the backbone of our merchant marine, and a criticism of the proposed subsidy bill for ignoring this type. A good, though partisan, article.
- PIERCE, J. *Australia's government.* Annalist, Mar. 20, 1922. Pp. 5. A clear account of the experience of the Australian Commonwealth in the ownership and operation of shipping.
- POTTER, C. H. *More tramp tonnage essential to the upbuilding of America's merchant marine.* Nautical Gaz., Mar. 25, 1922. Pp. 16. Not convincing, but an article which economists should read to get an idea of how the mind of a practical shipping man works.
- RIGGS, S. G. *How much shipping can we support?* Annalist, Jan. 28, 1922. Pp. 2. A questionable theory of shipping from the viewpoint of national economy, based on an analysis of the character, direction, and volume of trade of the United States, Great Britain, Spain, and other countries.
- SINGH, ST. N. *The development of Japanese shipping.* Wealth of India, Dec., 1921. Pp. 4.

- WATERBURY, I. C. *The world's shipping dilemma*. Annalist, Jan. 2, 1922. Pp. 2. A miscellany of facts and figures.
- American ships in our foreign trade*. Commerce Reports, Dec. 12, 1921; Jan. 2, 9, 16, 1922. Pp. 1, 2, 2, 2. The first analysis of the volume of our foreign trade in long tons with bulk oil and Great Lakes cargo differentiated and with the percentage participation of U. S. independent, Shipping Board, and foreign tonnage given.
- Fluctuations in shipping values; Earnings of British shipping; Angier's steam shipping report, 1921*. Fairplay, Jan. 5, 1922. Pp. 4, 4, 6. Primary raw material without a knowledge of which an intelligent understanding of the shipping situation is impossible.
- The progress of the motor ship*. Syren and Shipping, Jan. 4, 1922. Pp. 41. A good account, with illustrations, of the development of this type of ship which seems destined to lower the cost of overseas transportation.

Commerce

(Abstracts by Harry R. Tosdal)

- BERNHARDT, J. *Was decontrol of sugar in the United States advisable?* Journ. Pol. Econ., Feb., 1922. Pp. 8. In getting back to a normal basis, the sugar market would have suffered similar vicissitudes even if under federal control.
- BRADFORD, E. A. *One price associations*. Annalist, Mar. 20, 1922. Pp. 2. Criticizes attitude of Department of Justice with regard to open price associations and discusses recent supreme court decision in Hardwood Manufacturers' case.
- CIANDLER, H. A. E. *Domestic trade and our international economic relations*. Commerce Mo., Jan., 1922. Pp. 9. Discusses various factors determining relative importance of foreign and domestic commerce to show that significance of foreign trade is much greater than statistical data seem to indicate.
- DALPOFF, J. *Interskandinavisk Handelsstatistik 1912-1918*. Nationalök. Tids., no. 5-6, 1921. Pp. 9. The three Scandinavian countries have published a comprehensive statistical account of inter-Scandinavian trade relations during the period 1912-1918, which the author of this article discusses.
- DOMVILLE-FIFE, C. *Anglo-South American commerce: its organization and expansion*. Bus. Org. and Manag. (London), Oct., 1921. Pp. 8. Gives brief suggestions for handling trade with Latin-America.
- GUTTERIDGE, H. C. *Law relating to "received for shipment" bills of lading*. Economica, Jan., 1922. Pp. 11. Gives legal status of "received for shipment" bills of lading in Great Britain.
- HORST, E. C. *Reorganization of America's commerce*. Annalist, Jan. 2, 1922. Pp. 3. "Proposes to demonstrate that with but few exceptions our foreign trade is the diseased portion of our business" and that "in properly planned, greatly reduced foreign trade, both exports and imports, is to be found the solution of America's present serious problems in unemployment, farm and factory production, domestic commerce and finance."
- MAINI, A. D. O. *Organización internacional del comercio* (continued). Rev. Econ. de Argentina, Nov., 1921. Pp. 9. Continuation of previous article upon international commercial organization, dealing with the Edge law and its operation and concluding with reference to International Chamber of Commerce.
- MURCHISON, C. T. *The latest work on price maintenance*. Annalist, Feb. 13, 1922. P. 1. Describes present legal status of price maintenance, giving special attention to supreme court decision in Beechnut case.
- PAYEN, E. *Le jute: sa production et ses prix*. L'Econ. Franc., Mar. 4, 1922. Pp. 2. Statistical survey of the jute industry.

WILLIAMS, J. H. *German trade and the reparation payments.* Journ. Am. Bankers Assoc., Mar., 1922. Pp. 5. "Substantial payments not likely until her pre-war eastern European markets are opened up."

Petroleum production. Commerce Mo., Feb., 1922. Pp. 7. Condensed statistical report upon petroleum production of the world with particular reference to the United States.

Public Utilities

(Abstracts by Charles S. Morgan)

AYLESWORTH, M. H. *Evolution of interconnected power lines and effect on utility regulation.* Elec. World, Feb. 18, 1922. Pp. 2. Greater territorial spread of electric utilities has rendered "home rule" impracticable. State regulation should, however, be "progressive" rather than "merely corrective" in character.

BARTLETT, L. *Municipal enterprise.* Pacific Municipalities, Feb., 1922. Pp. 10. Reasons advanced by mayor of Berkeley, Calif., why efforts being made in California to develop hydro-electric projects by public means, through a state water and power commission, should be given general support.

BAUER, J. *Deadlock in public utility regulation.* V, *The right of cities to appear for the people in public utility actions.* Nat. Munic. Rev., Mar., 1922. Pp. 3. The right of cities to appear before state commissions in behalf of the general body of consumers, which was denied in a recent New York case, should be firmly established by such amendment of the law as is necessary.

BECKETT, E. J. *Financing the biggest job facing California.* Gen. Elec. Rev., Mar., 1922. Pp. 5. How a billion dollars will be raised for hydro-electric developments west of Rocky Mountains in next ten years.

BRABANT, E. J. *Valuation of public utilities for taxation.* Elec. Ry. Journ., Apr. 8, 1922. Pp. 3. Statistician of Wisconsin Tax Commission explains methods used in valuation of public utilities in that state. Fair value of rate making is not a valuation but a finding of cost or investment, while for purposes of taxation the market value—"the actual value"—is that which is sought.

CLARK, H. C. *The New York transit plan.* Aera, Mar., 1922. Pp. 2. Good, brief statement of principal provisions of this plan and of the individual likelihood of their being realized.

CONWAY, T., JR. *Valuation for rate making.* Aera, Jan., Feb., 1922. Pp. 6, 6. A review of current valuation practice, with emphasis on necessity for fully protecting prudent investments.

DAVIES, W. A. *Rates levied in various towns, 1921-1922.* Munic. Journ. (London), Jan. 13, 1922. Pp. 2. Annual statistics of tax rates and rates for domestic supplies of gas, electricity and water in some two hundred English cities.

EDGERTON, E. O. *Municipal utility regulation.* Gas Age-Record, Feb. 4, 1922. Pp. 2. The conditions which prompted state regulation of private utilities now prompt and require such regulation of municipally owned utilities.

FRIDAY, D. *An extension of value theory.* Quart. Journ. of Econ., Feb., 1922. Pp. 23. Value theory should be extended to embrace an explanation of certain pecuniary valuations which are independent of the market and go beyond a price theory. One class of such pecuniary valuations relates to the valuation of property for rate-making purposes. Need for recognition of fact that value in this case is "an entirely new and distinct value," and one "which shall express in pecuniary terms all the equitable considerations bearing upon the determination of the mutual rights of public and owners."

JEFFERY, R. T. *Publicly owned and operated power plants.* Pacific Municipalities, Feb., 1922. Pp. 7. Explanation of development of and results accomplished by Ontario Hydro-Electric Power Commission.

- JOHNSON, F. B. *John H. Madden—whoever he may be*. New Repub., Apr. 19, 1922. Pp. 3. Chief engineer of New York Transit Commission recommends use of "original cost less the expenditures necessary to put the property in first-class operating condition" as fair basis of valuation of New York traction properties.
- MURPHY, E. J. *Operating conditions improving*. Aera, Feb., 1922. Pp. 4. Statistics here presented show a considerable increase in net income and a moderate decline in operating ratios of 64 electric railway companies reported on. "Costs of operation are decreasing faster than revenues, even in a period of shrinking traffic."
- REED, D. A. *How a municipal plant kept down the cost of gas and water*. Am. City, Apr., 1922. Pp. 2. Statement of reasons for the success achieved in operation of municipal gas and water plant at Duluth.
- SHOUR, P. *There can be no coördination*. Aera, Apr., 1922. Pp. 6. One of a number of discussions by utility operators of place of motor bus. Experience in California said to have shown that coördination between bus and electric railways, other than the rendering of auxiliary service where electric railways for time being can not extend their lines, is impossible, owing to destructively competitive character of the service rendered by the two agencies.
- SIMMON, K. A. *Trackless transportation versus rail transportation*. Elec. Ry. Journ., Feb., 11, 1922. Pp. 4. Advantages and disadvantages of each type.
- TURNER, D. L. *How can the New York transit problem be solved*. Elec. Ry. Journ., Feb. 18, 1922. Pp. 3. Development of New York railways has in past followed "traffic in sight" rather than "area served." A coördinated system, publicly owned but privately operated, and a careful laying out of new lines, will solve the problem.
- WHITMAN, E. B. *Coördination of service*. Aera, Mar., 1922. Pp. 6. Member of Maryland Public Service Commission advises the existing transportation agency in any locality to develop a coördinated system, with busses and trackless trolleys, if necessary, rather than to allow such development to be undertaken by an outside agency. Citizens of an undeveloped section might well protect electric railway against loss for a stated period.
- WOOLFOLK, W. G. *The preparation and presentation of rate cases before commissions*. Am. Gas. Assoc. Mo., Dec., 1921. Pp. 10. A deftly put criticism of the work of the accountant, the economist, the engineer and the lawyer in rate cases. The existing indefiniteness of principle and lack of coördination in practice must be overcome if a proper presentation of the basic elements of the utilities case is to be made.
- American Gas Association—current list no. 50*. Am. Gas. Assoc. Mo. Mar., 1922. Pp. 3. One of monthly lists of changes in gas rates in American towns and cities. In this instance the changes are nearly all decreases.
- Courts vs. Commissions*. Elec. Ry. Journ., Feb. 11, 1922. P. 1. Portions of report of judiciary committee to New York Legislature, dated Jan. 4, 1922, in which strong condemnation is visited upon tendency of state utility commissions to make final, judicial determinations.
- Eight-cent law declared void*. Gas Age-Record, Mar. 11, 1922. Pp. 2. The New York eight-cent gas law of 1906 held by United States Supreme Court to be confiscatory as to gas sold during 1918 and 1919. Impounded funds, aggregating \$20,000,000, released.
- Energy output for 1921 estimated at 43,100,000,000 k. w. h.* Elec. World, Jan. 7, 1922, Pp. 3. Brief presentation of statistics of operation of central electric station industry for 1921, showing, among other things, a decline of about ten per cent in operating ratio as compared with 1920.
- Gas industry statistics for 1920*. Gas Age-Record, Feb. 4, 1922. Pp. 1. Brief summary of more complete statistics prepared by American Gas Association.

- Hydro-electric system of Province of Ontario investigated.* Elec. World, Mar. 11, 1921. Pp. 4. Report by W. S. Murray on Ontario's extensive hydro-electric undertaking, recently made public by National Electric Light Association, is unfavorable.
- Improved financial conditions established.* Elec. Ry. Journ., Jan. 7, 1922. Pp. 4. Maximum extent of railway receiverships occurred in 1919. List of 1921 receiverships and comparison with earlier years.
1921. Electrician (London), Jan. 6, 1922. Pp. 4. A survey of developments—technical, legal, regulatory—in electricity supply industry in England in 1921.
- Per capita use of electricity, gas and water; general averages of such use classified by size of city and geographical location.* Public Works, Oct. 22, 1921. Pp. 2.
- San Francisco municipal railway gets undeserved praise.* Public Service, Manag., Feb., 1922. Pp. 2.
- Toronto takes over street railways.* Elec. Ry. Journ., Mar. 25, 1922. Pp. 7. Description of property taken over by city in September, 1921.

Accounting

(Abstracts by Martin J. Shugrue)

- BAILEY, M. *Accounting for depletion of minerals.* Journ. Account., Mar., 1922. Pp. 9.
- BENNETT, V. E. *Naval-stores accounting.* Journ. Account., Feb., 1922. Pp. 10. Description and classification of accounts.
- BERGMAN, N. B. *Accounting for pig iron production.* Journ. Account., Feb., 1922. Pp. 10. Brief description of operations and cost data of a blast furnace.
- BLISS, J. H. *Costs and accounting methods in the packing industry.* Administration, Mar., 1922. Pp. 12. Clear explanation illustrated with diagrams and mathematical examples.
- BURLEIGH, N. G. *The effect of burden rate on sales and manufacturing programs.* Administration, Mar., 1922. Pp. 4. Concrete problem and solution relating overhead to the amount of production. Illustrated with chart and actual figures.
- CASTENHOLZ, W. B. *Cost of production standards.* Journ. Account., Feb., 1922. Pp. 6. Uses of cost and production standards.
- FRITZ, A. E. *Municipal accounting.* Minnesota Munic., Oct., 1921. Pp. 6.
- FITCH, S. G. H. *Deflation in relation to cost accounting.* Journ. Account., Jan., 1922. Pp. 11. Why it is good business to retain a cost department under present conditions of depression.
- GREENWOOD, G. W. *On what should selling prices be based?* Administration, Mar., 1922. Pp. 2.
- HALL, A. D. *Simple cost accounts for farmers.* Journ. Min. Agri. (London), no. 3, 1921. Pp. 8.
- HAMMETT, C. E. *The accounting of banking.* Administration, Jan., 1922. Pp. 10. Describes how transactions are handled and recorded by the various departments of a large bank.
- HENDERSON, T. B. G. *Yield on plant investment.* Administration, Mar., 1922. Pp. 5. How to correctly figure percentage of profit on plant investment.
- INGHAM, H. M. *Accounting for contracts.* Journ. Account., Feb., 1922. Pp. 3. How to handle payments received on account of uncompleted contracts.
- JACKSON, J. H. *Choosing a profession—accounting.* Journ. Account., Mar., 1922. Pp. 5.

- LARKIN, W. W. *Cocoonut oil manufacturing*. Journ. Account., Mar., 1922. Pp. 9. General accounting requirements.
- MANNING, A. B. *Fixed property accounting*. Administration, Jan., 1922. Analysis of plant and equipment values and the distribution of depreciation. Concretely presented and well illustrated with forms and exhibits. *Ibid.*, Mar., 1922. Illustrated with numerous forms of ledger accounts and other records.
- NEWMAN, E. W. *Present-day costing problems*. (1) *Costing accounts: their place and value in business administration*. Bus. Org. and Manag. (London), Oct., 1921. Pp. 12. Shows why cost accounting is of far greater value than the ordinary form of financial accounts, which have serious limitations.
- ORWIN, C. S. *The control of farm management and some fundamental principles in agricultural costing*. Journ. Min. Agri. (London), no. 3, 1921. Pp. 6.
- PATON, W. A. *Inventory valuation*. Administration, Mar., 1922. Pp. 12. Difficulties and procedure in taking an inventory. Rough and ready methods no longer satisfactory.
- PRAGER, M. E. *Capital assets, capital gains and losses under the revenue law of 1921*. Administration, Mar., 1922. Pp. 3.
- ROSS, N. F. *Bad debts under the new tax law*. Annalist, Jan. 16, 1922. P. 1. The income tax law now allows deductions for doubtful accounts although they may not have proved as yet an actual loss.
- SALIER, E. A. *Should obsolescence be capitalized*. Journ. Account., Feb., 1922. Pp. 10. Discussion of the accounting principles involved in dealing with obsolescence.
- STAUBACH, C. P. *Apportioning sales overhead*. Bull. Taylor Soc., Feb., 1922. Pp. 7. Territory valuation (the quota) superior to territory sales as a basis of apportionment.
- STOCK, A. F. *Advantages and disadvantages of the estimated cost system*. Administration, Jan., 1922. Pp. 5. The cost accountant's problem today is not to preach the needs of cost accounting, but rather to preach the simplest system to get results.
- THIBODEAU, T. A. *Allocation of costs to specific products in the petroleum refining industry*. Pace Student, Feb., 1922. Pp. 4. Presents a method of allocating costs to the various products obtained from the refining of crude petroleum.
- Accounting for electric-light and power industries*. Journ. Account., Mar., 1922. Pp. 10. Shows wherein the accounts of the electric light and power industry follow the ordinary accounting procedure of any simple type of factory and wherein they differ.
- Accounting for special industries and trades*. Lib. and Bureau of Information, special bull. no. 11, Dec., 1921. Pp. 17.
- Cost periods*. Administration, Mar., 1922. Pp. 2. Advantages and disadvantages of four-week period.
- The New York valuation discussion has now begun*. Electric Ry. Journ., Feb. 25, 1922. Pp. 2.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

- ADLER, E. *The Works Councils act in Australia*. Intern. Lab. Rev., Mar., 1922. Pp. 26. The author is Ministerial Councillor in the Ministry for Social Administration. Holds that the difficulties which have appeared will be overcome.
- BLANKENHORN, H. *Salvation vs. guns in West Virginia*. New Repub., Feb. 15,

1922. Pp. 2. Comment on the report of the Senate Committee on Labor and Education.
- BROPHY, J. *The miners' program*. Survey, Mar. 25, 1922. Pp. 4. Author is a district president of the United Mine Workers.
- BRISMAN, A. *Attatimarslagen. Några eksonomiska synpunkter*. Ek. Tids., no. 12, 1921. Pp. 10. Does not consider the eight-hour day economically desirable.
- BUDISH, J. M. *Piece work—opening wedge to the sweatshop*. Labor Age, Dec., 1921. Pp. 2. Has reference to the ladies' garment industry in New York.
- BURNETT-HURST, A. R. *Suggestions for labor legislation in India*. Indian Journ. Econ., Dec., 1920. Pp. 18. Made with particular reference to the application of the draft conventions adopted by the Washington Conference of the International Labor Organization to India.
- CATCHINGS, W. *Our common enterprise—a way out for labor—and capital*. Atlantic Mo., Feb., 1922. Pp. 12. Fair terms of employment are questions of fact, to be determined in joint conference; the terms should not be left to collective bargaining.
- CESTRE, C. *The split in French labor*. Survey, Jan. 14, 1922. Pp. 2.
- CHENERY, W. L. *The President's Conference and unemployment in the United States*. Intern. Lab. Rev., Mar., 1922. Pp. 19.
- COLE, G. D. H. *British labor solves the housing problem—workers' building guilds cut high costs by doing jobs themselves*. Labor Age, Dec., 1922. Pp. 2.
- . *Building houses without private profit*. Labor Age, Jan., 1922. Pp. 3. The guild movement.
- . *A final word on the building guilds*. Labor Age, Feb., 1922. Pp. 2.
- COMMONS, J. R. *Unemployment prevention*. Am. Labor Legis. Rev., Mar., 1922. Pp. 10. Unemployment insurance is the only way to place the responsibility on the business men who alone are in a position to prevent it.
- DAS, R. K. *Rise of factory labor in India*. Mo. Labor Rev., Mar., 1922. Pp. 20.
- DENNISON, H. S. *Depression insurance: a suggestion to corporations for reducing unemployment*. Am. Labor Legis. Rev., Mar., 1922. Pp. 6. Description, by the president of the company, of the plan of the Dennison Company for regularizing employment.
- . *Regularization of industry against unemployment*. Annals Am. Ac. Pol. and Soc. Sci., Mar., 1922. Pp. 4.
- DE SILVER, A. *The injunction—a weapon of industrial power*. Nation, Jan. 25, 1922. Pp. 8. An unfavorable review of recent decisions.
- DIETZ, P. E. *The builders' guild of Cincinnati*. Am. Fed., Mar., 1922. Pp. 3.
- DOBBIN, M. *Labor unrest in South America*. Mo. Labor Rev., Jan., 1922. Pp. 21.
- EDSTRÖM. *The international labour conferences*. Intern. Labor. Rev., Mar., 1922. Pp. 4. Contains some unfavorable criticism of the International Labour Office. The author was employers' delegate from Sweden and one of the vice-presidents of the third conference.
- FEIS, H. *Kansas miners and the Kansas court*. Survey, Feb. 25, 1922. Pp. 6.
- FITCH, J. A. *Shall strikes become crimes? The "industrial court" movement and what it means*. Labor Age, Mar., 1922. Pp. 3.
- FOX, F. *The trade unions and the mischief makers*. National Rev., Mar., 1922. Pp. 9. Legal privileges given to British unions for collective bargaining purposes are used to promote revolution.
- GOMPERS, S. *Abolish unemployment—it can and must be done; labor's remedy*. Am. Fed., Jan., 1922. Pp. 13.

- . *How malignity has found its Waterloo—McAdoo disproves railroad manager's falsifications.* Am. Fed., Mar., 1922. Pp. 16. A review of the labor policy of the Railroad Administration during Mr. McAdoo's incumbency.
- Farm and factory workers shall not be drawn into hostile camps.* Am. Fed., Mar., 1922. Pp. 10. The position of organized labor on issues raised in the recent agricultural conference at Washington.
- GREENWOOD, A. *How British labor plans to curb unemployment.* Labor Age, Mar., 1922. Pp. 8.
- GRIFFITH, S. *The German trade union bloc.* Survey, Feb. 18, 1922. Pp. 2.
- HARING, H. A. *What is the "check-off"?* Annalist, Feb. 20, 1922. Pp. 2. Strongly opposed to this system in coal-mining.
- HENDERSON, A. *The character and policy of the British Labour party.* Intern. Journ. of Ethics, Jan., 1922. Pp. 5.
- HOWAT, A. *The Howat case—Kansas stands for freedom.* Labor Age, Dec., 1921. Pp. 2.
- JOUHAUX, L. *The work of the Geneva conference.* Intern. Lab. Rev., Mar., 1922. Pp. 4. The author is General Secretary of the Confédération Générale du Travail, and was workers' delegate from France and one of the vice-presidents of the conference. Holds that the International Labor Organization deserves the confidence of the workers.
- KANUNGO, S. V. *Suggestions for the improvement of the conditions of Indian labor.* Indian Journ. Econ., Dec., 1920. Pp. 11. Specific suggestions by the Secretary of Commerce and Industry Department, Indore State.
- LACKLAND, G. *Colorado tries to outlaw strikes—how the industrial commission works.* Labor Age, Mar., 1922. Pp. 3.
- . *The black avalanche.* Survey, Mar. 25, 1922. Pp. 7. Conditions in the West Virginia coal fields.
- LANE, W. D. *West Virginia.* Survey, Feb. 4, 1922. Pp. 2. Comment on the report of the Senate Committee on Labor and Education.
- LAUCK, W. J. *The coal crisis—the demands of the miners.* Survey, Mar. 25, 1922. Pp. 2.
- . *What the railway workers face.* Labor Age, Jan., 1922. Pp. 2.
- LESHER, C. E. *The coal crisis—the position of the operators.* Survey, Mar. 25, 1922. Pp. 2.
- LOW, C. E. *India and the Washington Conference.* Intern. Lab. Rev., Jan., 1922. Pp. 10. The difficulties in applying, and the action of the government on, the recommendations and draft conventions.
- LYONS, H. W. *A subsistence wage.* Indian Journ. Econ., Dec., 1920. Pp. 11. The laboring classes of Indore are not receiving a subsistence wage according to the standards here given.
- MCCAULEY, T. W. *Industrial arbitration in Queensland.* Intern. Lab. Rev., Mar., 1922. Pp. 25. Issues and results. The author is president of the court.
- MACGIBBON, D. A. *The revolutionary cycle in syndicalism.* Journ. Pol. Econ., Feb., 1922. Pp. 11. The development of moderate policies in the Confédération Générale du Travail and the rise of a new revolutionary party in France.
- MACK, W. J. *Safeguarding employment: the "Cleveland plan" of unemployment compensation.* Am. Labor Legis. Rev., Mar., 1922. Pp. 6. Account of plan of reciprocal guarantees of production and employment adopted by employers and the union in ladies' garment industry of Cleveland. The author is the impartial chairman in the industry.

- MADIA, G. *L'aumento dei salari dal 1914 al 1921*. Giorn. d. Econ., Nov., 1921. Pp. 13. The increase in wages in Italy in the war years and after was not disproportionate to the increase in prices.
- MANLY, B. M. *Arbitration and industrial justice*. Survey, Apr. 8, 1922. Pp. 3. Unfavorable to arbitration.
- MILLS, J. S. *Unemployment and the empire*. Contemp. Rev., Mar., 1922. Pp. 7. Surplus population of Great Britain should be transferred to the dominions.
- MITCHELL, T. W., editor. *The determination of wage-rates*. Annals Am. Acad. Pol. and Soc. Sci., Mar., 1922. Pp. 82. A symposium. There are four papers on special plans for wage determination and nine papers on basic principles.
- MONTAGUE, R. *The Kansas Industrial Court*. Pacific Rev. Dec., 1921. Pp. 10. Answers objections to the law.
- MOTT, R. L. *The political theory of syndicalism*. Pol. Sci. Quart., Mar., 1922. Pp. 16. Includes a discussion of the present position of the Confédération Générale du Travail and the functions of the Confédération in the proposed syndicalistic state.
- MURRAY, P. *Unemployment in the coal industry*. Am. Labor Legis. Rev., Mar., 1922. Pp. 4. The extent of unemployment and suggestions for meeting the problem. The author is vice-president of the United Mine Workers.
- NANDA, G. L. *Labor unrest in India*. Indian Journ. Econ., Dec., 1920. Pp. 21. Its nature and causes and suggestions for its cure.
- OLIVETTI, G. *Collective agreements in Italy*. Intern. Lab. Rev., Feb., 1922. Pp. 20.
- PARSONS, F. W. *The coal outlook*. Am. Rev. Rev., Apr., 1922. Pp. 5. Unfavorable to the miners' position.
- PIROU, G. *The theory of the collective labour contract in France*. Intern. Lab. Rev., Jan., 1922. Pp. 15. The existing status of collective agreements in the law and the proper degree of state intervention.
- RIPLEY, W. Z. *Longshore*. Survey, Feb. 25, 1922. Pp. 4. Conditions and labor problems among the longshoremen.
- RYAN, J. A. *A bill of rights for labor*. Catholic Charities Rev., Mar., 1922. Pp. 3. Highly favorable review of the industrial code included in the Kenyon bill for the establishment of a tribunal in coal-mining.
- . *Labor and the law*. Catholic Charities Rev., Jan., 1922. Pp. 5. The courts do not yet accord labor organizations full justice in interpreting general constitutional limitations and the common law as to conspiracy.
- ROWE, J. W. F. *The ball warpers: the policy of their unions and its results*. Economica, Jan., 1922. Pp. 5. Study of the results of the union policies as to wages and entrance to the trade in a small branch of the British cotton industry. Concludes that wages were artificially raised.
- ROWNTREE, R. S. *Unemployment and its alleviation*. Annals. Am. Acad. Pol. and Soc. Sci., Mar., 1922. Pp. 7.
- SALOMON, A. *Women in German trade unions*. Forum, Feb., 1922. Pp. 8. Reasons for the great increase in the number and membership of women's unions.
- SAPOSS, D. J. *The packers break the peace*. Labor Age, Jan., 1922. Pp. 3.
- SAYRE, F. B. *The picketing decisions*. Survey, Jan. 7, 1922. Pp. 3.
- SCHLESINGER, B. *The issues in the big cloak strike*. Labor Age, Dec., 1921. Pp. 2. The author is president of the Ladies' Garment Workers Union.
- SEARLES, E. *The Howat case—the international's position*. Labor Age, Dec., 1921. Pp. 2. Author is editor of the *United Mine Workers' Journal*.

- SHATTUCK, H. L. *Unemployment insurance legislation in Massachusetts*. Am. Labor Legis. Rev., Mar., 1922. Pp. 5. Outline of a bill and an argument for it, by the member of the legislature who introduced it.
- SHAW, S. A. "*Hitting the trail*" in industry—an appraisal of the golden rule principle as applied in the Nash clothing factory. Survey, Mar. 18, 1922. Pp. 5.
- SHIELDS, A. *Fighting the industrial court in Kansas*. Labor Age, Feb., 1922. Pp. 3.
- STOLBERG, B. *The stock-yards strike*. Nation, Jan. 25, 1922. Pp. 2.
- . *The tragedy of coal*. Nation, Mar. 22, 1922. Pp. 3.
- TRYON, F. G. and MCKENNEY, W. F. *The broken year of the bituminous miner*. Survey, Mar. 25, 1922. Pp. 5.
- WAGGAMAN, M. T. *Efforts to regularize employment in seasonal trades*. Mo. Labor Rev., Jan., 1922. Pp. 12.
- WALLING, W. E. *British labor's proposed solution of the unemployed problem*. Am. Fed., Jan., 1922. Pp. 3.
- WARNER, G. N. *The problem of fatigue and output*. Bus. Org. and Manag. (London), Oct., 1921. Pp. 4.
- WELD, L. D. H. and SAPOSS, D. J. *Two sides of the packers' controversy*. Survey Jan. 14, 1922. Pp. 2.
- WEST, G. P. *American labor's political strategy—a failure*. Nation, Mar. 29, 1922. Pp. 2.
- WOLMAN, L. *Evading the coal question*. New Repub., Mar. 29, 1922. Pp. 2.
- WOODS, A. *The unemployment emergency*. No. Am. Rev., Apr., 1922. Pp. 10. Outlines some of the methods adopted to meet the emergency. The author is chairman of the Committee on Civic and Emergency Measures of the Presidents' Unemployment Conference.
- Action of government in India on labor problems*. Labor Gaz. (Canada), Dec., 1921. Pp. 2.
- An arbitrary arbitrator*. Survey, Feb. 11, 1922. Pp. 2. Adverse criticism of Judge Landis' course and decision in the Chicago building trades arbitration.
- Bibliography no. 18: unemployment (since 1908)*. Bull. British Lib. of Pol. Sci., Feb., 1922. Pp. 7.
- The British government and recommendations of International Labour Organization—action on the Washington and Genoa conventions*. Lab. Gaz. (Canada), Dec., 1921. Pp. 3.
- Decision of the Railroad Labor Board—clerks*. Mo. Labor Rev., Mar., 1922. Pp. 11.
- Factory inspectors' reports on operation of German works councils*. Mo. Labor Rev., Feb., 1922. Pp. 12.
- Hours of labor in the mercantile marine*. Intern. Lab. Rev., Feb., 1922. Pp. 8.
- Important judicial decision respecting picketing—decisions of the Superior Court of Quebec and the Supreme Court of the United States*. Lab. Gaz. (Canada), Jan., 1922. Pp. 10.
- International labor conference at Geneva*. Mo. Labor Rev., Jan., 1922. Pp. 6.
- International survey of the growth of trade unionism since 1913*. Mo. Labor Rev., Jan., 1922. Pp. 11.
- Labour conditions in Japanese coal mines*. Intern. Lab. Rev., Feb., 1922. Pp. 14.
- Labour Legislation in Canada in 1921*. Lab. Gaz. (Canada), Feb., 1922. Pp. 8.
- Labour legislation in 1921*. Lab. Gaz. (London), Dec., 1921. Pp. 2.

League of nations international labour organization, third general conference. Lab. Gaz. (Canada), Jan., 1922. Pp. 20.

Methods of adjustment of industrial disputes in Germany. Intern. Lab. Rev., Jan., 1922. Pp. 15.

Progress of the labour movement in Japan. Intern. Lab. Rev., Mar., 1922. Pp. 18.

Railroad labor board decision on railroad shop rules and working conditions. Mo. Labor Rev., Jan., 1922. Pp. 25.

Report of Board of Arbitration in dispute between various government railways and certain employees. Lab. Gaz. (Canada), Dec., 1921. Pp. 12. Issue was whether the reduction granted by United States Railroad Labor Board should be followed on these Canadian roads.

Third international labour conference. Intern. Lab. Rev., Feb., 1922. Pp. 30.

Wage conditions in American agriculture. Mo. Labor Rev., Feb., 1922. Pp. 4.

Money, Prices, Credit, and Banking

(Abstracts by N. R. Whitney)

ADDIS, C. *Currency and credit problems.* Bankers' Mag. (London), Dec., 1921. Pp. 13. Correct remedy for the economic crisis in England lies in the return to the pre-war gold standard.

AKERMAN, G. *Inflation, penningmängd och ränta.* Nat. ök. Tids., no. 9, 1921. Pp. 20. After an outlined study of inflation, money and interest, the author proposes a reformulation of the quantity theory of money: under otherwise similar circumstances the quantity of money and prices vary in the same direction and proportionally.

ANDERSON, B. M. *Banking policy through the crisis and depression.* Annalist, Jan. 9, 1922. Pp. 2.

_____. *Replacing worthless currencies, with some comments on Mr. Vanderlip's plan for a reserve bank of Europe.* Econ. World, Jan. 14, 1922. Pp. 3. The Vanderlip plan criticized on the ground that note issues would be inadequately secured and that the amount of capital required could not be obtained.

ARRÚS, O. F. *El problema del cambio en el Peru y el alza del cambio sobre Nueva York.* Rev. de Econ. Argentina, Jan., 1922. Pp. 17.

BASU, P. *The gold exchange standard* (as a remedy for the present exchange debacle in Europe). Journ. Indian Econ. Soc., Sept., 1921. Pp. 10, 18. Suggests an international exchange standard based upon gold reserves protected by international guarantee. For internal commerce token coins might be used.

BAUDIN, L. *L'or du Transvaal.* Rev. d'Econ. Pol., Jan.-Feb., 1922. Pp. 26. Gold-mining companies are in a position to increase the volume of production of gold in accordance with the demand.

BAUER, G. F. *Equalizing exchange duties to solve tariff problems.* Annalist, Nov. 28, 1921. P. 1. Values of foreign currencies are lower in the United States than they are at home. The difference works to the disadvantage of producers of competing commodities in the United States. It is suggested that duties be levied to the extent of such differences.

BERNÁCER, G. *Dos cuestiones de actualidad.* Rev. Nacional de Econ., XI, 1921. Pp. 13. They are—(1) the privilege of emission in the new bank law of Spain; (2) the new tariff law and its relation to exchange.

BILGRAM, H. *The quantity theory scrutinized.* Journ. Pol. Econ., Nov., 1921. Pp. 10. Criticizes the mathematical and historical foundations for the quantity theory. Asserts that the war time price increase was not due to inflation, and that the trouble with business now is too little money.

- BLAKEWELL, W. B. *Factors affecting the rate of interest on real estate mortgages.* Econ. World, Dec. 24, 1921. Pp. 2.
- VON BORTKIEWICZ, L. *Neue Schriften über die Natur und die Zukunft des Geldes.* Schmollers Jahrb., Jahrg. 45, Heft 3, 4, 1921. Pp. 27, 44. I, A review of Elster's "Die Seele des Geldes"; of twelve essays dealing with the German difficulties as related to the theory of money standards by Elster; of Singer's "Das Geld als Zeichen"; and of Schmidt-Essen's "Valutafibel". Elster, according to the reviewer, offers little for the expert on the theory of money. Singer is criticized as being full of errors; he is charged with misinterpreting and even misquoting other authorities. "Valutafibel" is intended as a textbook but is useless for such purposes. II, Reviews the following: Kaulla—"Die Grundlagen des Geldwertes"; Cohn—"Kann das Geld abgeschafft werden?"; Engel—"Geldgestaltung und Einkommensgestaltung"; Kerschagl—"Die Lehre vom Gelde in der Wirtschaft"; and Döring—"Die Geldtheorien seit Knapp". The last is described as a conscientious study of the thought content of German money literature from 1905 to 1920.
- BRADFORD, E. A. *Denationalizing our currency.* Annalist, Mar. 27, 1922. Pp. 2. Advantages of the par collection system of the federal reserve banks, and a review of the opposition of the banks in certain parts of the country to the plan.
- BUNGE, M. *El cambio y la crisis.* Rev. de Econ. Argentina, Dec., 1921. Pp. 10. Contends that unfavorable exchange promotes the well-being of the masses.
- CANNAN, E. *The application of the theoretical apparatus of supply and demand to units of currency.* Econ. Journ. (London), Dec., 1921. Pp. 9. An examination of the influences which affect the supply and demand for money. A continuance of rapid change of the value of money in either direction will cause a currency to go out of use, since stability of value is one of the most important requisites of useful currency.
- COHN E. *Oekonomiske Oversigter, 1 Juli, 1918—1 April, 1921.* Nat. ök. Tids., no. 5-6, 1921. Pp. 22. Gives an account of the Danish exchange and of finance regulations during the period mentioned.
- CRISSINGER, D. R. *States have varied experiences under guaranty of bank deposits.* Northwestern Banker, Apr., 1922. Pp. 2. A review of deposit guaranty legislation in North Dakota, South Dakota, Nebraska, Washington, Mississippi, and Oklahoma.
- DAGGETT, S. *How the modern university trains future bankers and business men.* Northwestern Banker, Apr., 1922. P. 1. Tenth article in a series written by different men describing the commerce departments in their several universities.
- DASGUPTA, B. B. *The problem of Indian exchange.* Journ. Indian Econ. Soc., Sept., 1921. Pp. 6.
- DAVIDSON, D. *Guldfragaan.* Nat. ök. Tids., no. 2, 1921. Pp. 10. A study of the gold standard in the light of recent experiences.
- DAVIS, J. S. *World banking, currency, and prices, 1920-1921.* Rev. Econ. Stat., Sept., 1921. Pp. 22.
- DODGE, H. J. *Changing the fundamental structure of the federal reserve system.* Annals Am. Ac. Soc. and Pol. Sci., Sept., 1921.
- ELSTER, K. *Vom Werte, den das Geld nicht hat.* Jahrb. f. Nationalök. u. Stat., June, 1921.
- ESTCOURT, R. *The relation of foreign exchange to currency.* Annalist, Nov. 21, 1921. Pp. 2. "The exchange of each country adjusts itself to the exchange of other countries in proportion to the dilution of its currency, currency being taken to include every form of medium of exchange except gold."
- FOSTER, W. T. *Money as suspended purchasing power.* Annalist, Mar. 13, 1922. Pp. 2. The owner of money is a holder of a convenient store of suspended pur-

chasing power, and is in a position therefore to control production schedules and to a large extent the price level.

FRIDAY, D. *The federal reserve board and the farmer*. New Repub., Mar. 8, 1922. Pp. 2. Defends the federal reserve board against the accusation that it was responsible for the agricultural depression.

GEHLE, F. W. *Why the gold standard must be restored and preserved*. Trust Companies, Nov., 1921. Pp. 4. Suggestions for the abandonment of the gold standard, or for substitutions for it, overlook the fact that the world has come to the general adoption of gold as the standard of value after trying a great variety of other materials with unsatisfactory results. Efforts to restore the gold standard will necessitate a redistribution of some of the gold now lodged in the United States. Hence, bankers should be very cautious not to expand credit on the basis of this surplus gold supply.

GRAHAM, F. D. *International trade under depreciated paper*. *The United States, 1862-1879*. Quart. Journ. Econ., Feb., 1922. Pp. 53. A statistical verification of Professor Taussig's theory of the movement of international trade under depreciated paper.

HAHN, A. *Handelsbilanz—Zahlungsbilanz—Valuta-Güterpreise*. Archiv. f. Sozialwis. u. Sozialpolitik, Band 48, Heft. 3. Pp. 18.

HARDING, W. P. G. *The federal reserve system as related to American business*. Econ. World, Dec. 31, 1921. Pp. 4. A résumé of the economic causes of the business depression.

———. *Principles governing discount rate policy of federal reserve banks*. Trust Companies, Nov., 1921. Pp. 5. A summary of the prevailing views as to what should determine the Federal Reserve Board policy in establishing discount rates. Recommendations on this subject by the federal advisory council.

HARE, L. *Excessive multiplication of the world's currencies—its effect upon the investor*. Finan. Rev. Rev., Mar., 1922. Pp. 10.

HECKSCHER, E. F. *Verkan av för låg räntefot*. Ek. Tids., no. 12, 1921. Pp. 8. A theoretical discussion of the economic effects of a too low interest rate.

HELFFERICH, K. *El pago de los primeros mil millones en oro*. Rev. de Econ. Argentina, Nov., 1921. Pp. 8. In view of the sacrifices required in making the first reparations payments, it is asserted that Germany will be unable to pay the complete bill unless she is economically denationalized.

HOLT, J. G. *The organization and training of the staff of a large bank*. Journ. Inst. of Bankers (London), Nov., 1921. Pp. 21.

INNES, A. M. *The Ter Meulen scheme*. Econ. Journ. (London), Dec., 1921. Pp. 4.

JOSEPHSSON, A. *Gemensamma styrelseledamöter i banker och övriga bolag i Sverige*. Ek. Tids., no. 12, 1921. Pp. 12. Shows clearly the tendency in Sweden toward a common control of banking and other corporate interests.

KERSCHAHL, R. *Ueberblick über das Schrifttum des Geldwesens von 1914 bis 1920*. Zeitsch. f. Volkswirts. u. Sozialpolitik, Band I, Heft 3, 1921. Pp. 12. Reviews twenty-six books published during this period.

KIBE, M. V. *Currencies in Indian States*. Indian Journ. Econ., Dec., 1920. Pp. 10.

KITCHIN, J. *The position of gold*. Rev. Econ. Stat., Aug., 1921. Pp. 7.

KRECH, A. W. *Currency inflation and public debts*. Trust Companies, Dec., 1921. Pp. 2.

LIESSEE, A. *Les projets contre l'inflation en Allemagne; un procédé oblique: l'emprunt forcé*. L'Econ. Franç., Feb. 18, 1922. Pp. 3. Asserts that a forced loan would be a fiasco in Germany.

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- . *A propos de l'inflation fiduciaire en Allemagne: la réforme de la Reichsbank*. L'Econ. Franç., Feb. 25, 1922. Pp. 3. Relieving the Reichsbank from government domination might serve as a remedy for inflation.
- LORIN, J. *Principaux comptes de quinze banques françaises de dépôt de 1913 à 1920*. Rev. d'Econ. Pol., Sept-Oct., 1921. Pp. 3. Statistical summary of the growth of the leading banks of deposit in France.
- McAVOY, W. *The economic importance of the commercial paper house*. Journ. Pol. Econ., Feb., 1922. Pp. 10.
- MADON, B. F. *Review of report of currency committee*. Indian Journ. Econ., Dec., 1920. Pp. 12.
- MARTNER, D. *Sobre el problema de la conversión en Chile*. Rev. de Econ. Argentina, Oct., 1921. Pp. 11. Urges the substitution of the gold exchange standard for paper money in Chile. To make the transition practicable the establishment of a conversion bank is suggested. Argentina has possessed such a bank since 1899 and it has put its monetary system on a very satisfactory basis. Free convertibility of paper pesos into gold and vice versa is provided for and the bank carries metallic reserve equal to about 80 per cent of the paper issues. It is asserted that Chile possesses sufficient gold to set up a reserve in a conversion bank large enough to take care of its paper money, there being a reserve of approximately 140 million pesos of gold as compared with 300 millions pesos in paper. To maintain an adequate gold reserve requires a permanent and satisfactory source of revenue. An income tax is recommended for this purpose.
- MEYER, E., JR. *Work of the War Finance Corporation*. Journ. Am. Bankers Assoc., Jan., 1922. Pp. 3.
- MINTY, L. *The corporate trust department of an American bank*. Journ. Inst. Bankers, Mar., 1922. Pp. 10. Review of the activities and services of such departments.
- MONDET, N. *Chronique de l'inflation*. Journ. des Econ., Jan. 15, 1921. Pp. 7. Comments on the great disparity between specie reserves and note issues in various countries. Thinks it unlikely that the monetary units of Central and Eastern Europe will ever come back to pre-war parity.
- . *Chronique de l'inflation*. Journ. des Econ., Feb. 15, 1921. Pp. 14.
- MOULTON, H. G. *The limitations of foreign credits*. Journ. Pol. Econ., Dec., 1921. Pp. 15. A review of our experience in making loans to Europe to aid in buying our exports. Thinks it unlikely that the United States is permanently in the creditor class. Our own needs will limit further credit extension on our part. Questions whether additional credits, even if we could grant them, would be effective in rehabilitating Europe. What Europe needs is work and thrift.
- MUNN, G. G. *The twenty per cent rule, or why banks keep a part of the money they loan*. Bankers Mag., Jan., 1922. Pp. 5. Asserts that the rate of interest on loans does not cover all expenses of making such loans with a profit and that therefore the 20 per cent rule is made use of to obtain a supplementary income to meet these expenses.
- NORTON, J. E. *The Bank of England and the money market*. Pol. Sci. Quart., Sept., 1921. Pp. 21. With the development of joint-stock banks, the power of the Bank of England over the money market has greatly diminished. War finance contributed to this decline in power. It is predicted that the money market in the future will be controlled by a combination of joint-stock banks, with a certain amount of deference to the wishes of the Bank of England.
- . *Bank rate and the money market in the United States*. Econ. Journ., (London), Dec., 1921. Pp. 14. An analysis of the machinery furnished by the federal reserve system for regulating the credit supply and the discount rate.
- OAKWOOD, J. *The world's greatest gold movement*. Annalist, Jan. 9, 1922.

- ORLIN, B. *Naagot om prisstegring, inflation och valutapolitik*. Nat. ök. Tids., No. 3, 1921. Pp. 15.
- . *Växelkursernas jämviktsläge*. Nat. Tids., No. 2, 1921. Pp. 9. A theoretical presentation of laws governing international rates of exchange.
- PAILLARD, G. *La convention du 9 décembre 1921 et le problème de l'Union latine vu de Suisse*. Rev. d'Econ. Pol., Jan.-Feb., 1922. Pp. 11.
- PRESTON, H. H. *Crisis in deposit guaranty in the state of Washington*. Quart. Journ. Econ., Feb., 1922. Pp. 6. The failure of one large bank has practically brought to an end the system of deposit guaranty; of 120 member banks all but seven had withdrawn from the system by the close of 1921.
- PUTNAM, G. E. *Recent developments in the federal farm loan system*. Am. Econ. Rev., Sept., 1921. Pp. 12.
- RIU, E. *La ordenación bancaria*. Rev. Nat. de Econ., X, 1921. Pp. 16. A discussion of the new Spanish banking law, especially as it relates to the regulation of monetary circulation and the application of laws covering suspension of payments and bankruptcy. It is asserted that private banks have been converted from free private institutions into bureaucratized industries.
- ROBINS, K. N. *Opportunity for private enterprise in agricultural finance*. Trust Companies, Jan., 1922. Pp. 4. The federal farm loan system cannot hope to be more than one of many agencies engaged in financing the farmer. A good opportunity therefore exists for private companies to carry on trust and banking functions together with mortgage financing. Such companies could buy up mortgages and then sell to private individuals bonds based upon these mortgages.
- SAKOLSKI, A. M. *Employers' coöperation with savings banks in promotion of thrift*. Administration, Mar., 1922. Pp. 7. Preferable that encouragement of thrift among workmen be provided by coöperation with existing savings institutions rather than by offering stock bonuses or "right to subscribe," or similar plans, which tie up savings of employees with the fortunes of their companies.
- SCHELLE, G. *Inflation et déflation*. Journ. des Econ., Oct. 15, 1921. Pp. 3.
- SCHUMACHER, H. *Die Währungsfrage als weltwirtschaftliches Problem*. Schmollers Jahrb., Jahrg. 45, Heft 4. Pp. 18. Necessity for restoring world market for commodities. This requires that the buying power of Central Europe be restored. Gold is one of the requisites for restoring balanced world markets. Germany should seek to develop its foreign trade and should impose heavy taxes on its citizens.
- SELTZER, L. H. and HORNER, S. L. *Bank reserves and the call money loan rate*. Journ. Pol. Econ., Feb., 1922. Pp. 11.
- SHAW, W. A. *Is an automatic bank rate possible?* Bankers' Mag., Jan., 1922. Pp. 8. The great joint-stock banks control the credit fund of the country, and should therefore decide on the administration of the fund. These banks should meet weekly under the leadership of the Bank of England to decide on the discount rate and the extension of credit. Such action should bind the Treasury as well as private firms or individuals. It is asserted that the Bank of England rate is practically useless as a regulator of credit extension. The bankers acting together and not the government should regulate the use of credit.
- SILVERSTOLPE, G. *Växelkursernas periodiska fluktuationer*. Ek. Tids., no. 12, 1921. Pp. 14. A study of the periodic fluctuations of exchange rates.
- STRAKOSCH, H. *The stabilising of exchanges*. Bankers' Mag. (London), Nov., 1921. Pp. 9. The disequilibrium of the exchanges is due to the existence of deep-seated economic derangement. Obstacles to improvement are money inflation, unstable political conditions, governmental interference in economic life of the people, maintenance of barriers in the way of freedom of international exchange of goods, and the existence of huge national debts.

- TESTIS, *Les banques anglaises depuis 1914*. L'Econ. Franç., Dec. 24, 1921. Pp. 2. Marked tendency toward consolidations.
- TINNES, D. J. *The fair dollar*. Quart. Journ. of U. of No. Dakota, Oct., 1921. Pp. 8. Criticizes Fisher's method of computing an index for the purpose of stabilizing the dollar, and objects that the adjustment intervals are too far apart.
- TINSLEY, J. F. *An industrial savings plan*. Journ. Am. Bankers Assoc., Feb., 1922. Pp. 2. A pay-roll deduction plan of saving for employees of the Crompton and Knowles Loom Works, Worcester.
- VANDERLIP, F. A. *Allied indebtedness to the United States*. Bankers Mag., Dec., 1921. Pp. 9. Funds obtained by repayment of allied debt should be used in part as a revolving fund of credit for accomplishing specific economic improvements in European countries. The establishment of a world gold reserve bank with branches in the various nations proposed.
- . *A suggested plan for a gold reserve bank of the countries of Central Europe*. Econ. World, Nov. 19, 1921. Pp. 3. A detailed statement of the author's plan to remedy some of the financial ills of Europe.
- VILLEY, E. *Le problème monétaire. Déflation ou stabilisation*. Rev. d'Econ. Pol., Dec., 1921. Pp. 7.
- VOGEL, E. H. *Stabilisierung oder Valutahebung als Ziel Währungsreform*. Zeitsch. f. Volkswirts. u. Sozialpolitik, Heft 4-6, 1921. Pp. 20. Gradual deflation should be the process for rehabilitation in Austria.
- VOIGT, A. *Die Oekonomie des Geldverkehrs*. Zeitz. f. Sozialwissens., Heft 1-2, 1921.
- WABBURG, P. M. "Barking up the wrong tree." Survey, Jan. 28, 1922. Pp. 5. A defense of the federal reserve system against the charge of the responsibility for the depression.
- . *Political pressure and future of the federal reserve system*. Trust Companies, Feb., 1922. Pp. 4. Suggests amendments and modifications to reduce the danger of political domination.
- WARNE, C. E. *Enforced par remittance under the federal reserve system*. Quart. Journ. Econ., Feb., 1922. Pp. 15. A review of the par remittance experience under the federal reserve system. It is predicted that the dream of universal par remittance will be unrealized. The number of banks on the par list has slowly diminished during the past year.
- WECKSELL, K. *Inflation, penningmängd och ränta*. Ek. Tids., no. 10-11, 1921. Pp. 5. A criticism of a recent article by Akerman on inflation, quantity of money and interest.
- WERNER-KAUTZSCH. *Geldentwertung und Verarmung*. Natur u. Gesells., Jan., 1922. Pp. 7. Manipulation is responsible for the decline in the mark. This is traceable to Berlin speculators who are permitted by the government to operate.
- . *Staatsbankrott oder neue Währung?* Natur u. Gesells., Mar., 1922. Pp. 7.
- WILLIAMS, A. *Bankers' advances on produce and the documents of title thereto*. Journ. Inst. Bankers, Jan., Mar., 1922. Pp. 12, 12. Lecture I (Jan.) describes the procedure followed and the documents used in financing the purchase and sale of commodities.
- WILLIAMS, J. H. *Foreign exchange under depreciated paper*. Journ. Am. Bankers Assoc., Jan., 1922. Pp. 3. A criticism of Cassel's doctrine of purchasing power parity.
- WILLIS, H. P. *Seventy-five years' progress in American banking*. Bankers Mag., Sept., 1921. Pp. 5. Banking practice in America has contributed to world

progress in finance through its demonstration of the soundness of "free banking," through the development of scientific methods of credit analysis, through the insistence on shortening the terms of credit, and through emphasis upon the public service nature of the banking business.

WITTICH, W. *L'introduction du franc en Alsace et en Lorraine (à suivre)*. Rev. d'Econ. Pol., Jan.-Feb., 1922. Pp. 25.

WRIGHT, I. *Interest and rediscount rates in relation to farmers' commercial credit*. Bankers Mag., Mar., 1922. Pp. 3.

YOUNG, J. P. *Central American currencies*. Annalist, Dec. 19, 1921. P. 1. The problem faced by Guatemala and El Salvador in adopting the gold standard. *Ibid.*, Dec. 26. P. 1. The transition from a silver to a gold basis by Honduras, Nicaragua and Costa Rica.

YOUNGMAN, A. *Efficacy of changes in the discount rates of the federal reserve banks*. Am. Econ. Rev., Sept., 1921. Pp. 21.

YVES-GUYOT. *Le compte rendu de la Banque de France et la situation économique*. Journ. des Econ., Feb. 15, 1922. Pp. 12.

ZUVERÍA, G. M. *El dolar contra el peso—Conviene ahora abrir la Caja de Conversión?* Rev. de Econ. Argentina, Dec., 1921. Pp. 14. Argentina benefits from an unfavorable rate of exchange since it stimulates exporting and diminishes importing.

The agricultural bank of Paraguay. Intern. Rev. Agri. Econ., Oct., 1921. Pp. 8. An account of the organization and powers, of the bank. Includes also a summary of its operations from 1915 to 1919.

Criticism of the federal reserve system. Bankers Mag., Nov., 1921. Pp. 2. Current criticism largely the result of political hostility. Main basis for hostility lies in large profits earned by the reserve banks.

Currency values at home and abroad. Index (N. Y. Trust Co.) Dec., 1921. Pp. 4. A comparison of the external and internal purchasing power of depreciated currencies.

Les discussions de la Société d'Economie Politique de Paris: la stabilisation du change. L'Econ. Franç., Dec. 17, 1921. Pp. 4. A plea for anchoring the monetary system of France to a fixed axis—gold. The instability of exchange is the result of instability of prices. The rate of exchange is merely a reflection of economic conditions since prices themselves are determined by underlying economic forces. The correction of these economic conditions is an international matter. The gold standard is the axis around which the whole economic machinery revolves. Three suggestions for improving the exchange situation have been made in France. (1) Immediate devaluation—the stabilization of paper money at its present value. This would be accomplished by scaling down the value of paper and restoring the gold standard. (2) Gradual devaluation. Both of these are rejected on the score that they would be ruinous to French credit and would force further depreciation of the franc. Foreign creditors would be defrauded. (3) Restore the franc to its former gold value by progressive advance in economic productivity. This is recommended as the only plan which will be satisfactory.

Federal Reserve Board under fire. Bankers Mag., Feb., 1922. Pp. 5.

The practical facts about federal foreign banking. Econ. World, Dec. 10, 1921. Pp. 4. The "Edge law" bank of today is in some respects not the type of institution the framers of the law had in mind. The Federal Reserve Board has drastically modified the powers to do what is described in the act itself, and the unsettled conditions affecting international trade and finance have forced changes and adaptations. It has not been thought wise to undertake some of the activities authorized by the law.—For example, it has been practically impossible thus far to establish the "debenture" form of institution. The existing type is the liquid

commercial bank that finances by means of bankers' acceptances. The First Federal Foreign Banking Association finances export and import merchandise credits of all lengths, from sight to a year. It arranges special kinds of financing, such as to cover the exportation of one commodity to Europe, the credit running a considerable time and being secured by warehoused stocks of other commodities of local production. It has financed the purchase of raw materials in one country, their transportation to another for fabrication, and finally their importation as finished goods into the United States, or elsewhere. In short, the bank is ready to consider all kinds of export and import credit problems with a view to working out special methods of handling each transaction.

Revival of unsound money agitation. Bankers Mag., Mar., 1922. Pp. 4. Comment on currency proposals of Ford and Edison.

Socialstyrelsens förslag rörande en allmän levnadskostnadsundersökning. Soc. Meddelanden, no. 3, 1922. Pp. 8. The Swedish labor administration presents a plan for general investigation of living costs in Sweden.

Public Finance

(Abstracts by Charles P. Huse)

BADULESCO, M. V. *Le prélèvement sur le capital en Allemagne.* Rev. de Sci. et de Legis. Finan., Oct.-Dec., 1921. Pp. 9. The new law of July 6, 1921, modifies in details only the laws of 1919 and 1920.

BLAKEY, R. G. *The Revenue act of 1921.* Am. Econ. Rev., Mar., 1922. Pp. 35.

BRIGHT, W. E. *The manufacturers' tariff convention.* Protectionist, Mar., 1922. Pp. 8. The American valuation conference at Washington.

———. *The Reynolds report on American and foreign valuations.* Protectionist, Feb., 1922. Pp. 4. Based on study of foreign prices, importing costs, and American prices.

CLAY, H. *The report of the Geddes Committee on economy in British governmental expenditures.* Econ. World, Mar. 11, 1922. Pp. 2. Republished from the March 8 issue of the N. Y. Evening Post.

COMMONS, J. R. *A progressive tax on bare-land values.* Pol. Sci. Quart., Mar., 1922. Pp. 28. Discusses a Wisconsin bill to impose, in addition to existing property taxes, a progressive tax on large land values in single holdings, after exempting fertility value and improvements.

DE GAETANO, F. *La riforma dei tributi locali.* Riv. di Pol. Econ., no. X, 1921. Pp. 8.

DODD, W. F. *Legislative notes and reviews: state tax legislation in 1921; budgetary legislation in 1921.* Am. Pol. Sci. Rev., Feb., 1922. Pp. 26. Need for revenue is responsible for taxes on gasoline, petroleum, cement, gypsum and mineral ores. California adopted ten-dollar poll tax on alien male inhabitants, and Rhode Island extended poll tax to include women.

FLETCHER, F. N. *Budget and state taxes in Nevada.* Bull. Nat'l Tax Assoc., Jan., 1922. Its sparse population accounts for the highest per capita state tax in the country.

GRILLI, C. *Il protezionismo dopo le guerra.* Riv. Intern., Dec., 1921. Pp. 32. The anti-dumping argument in its post-war forms.

GROSSMAN, E. *Die Erbschaftssteuerkontingente und ihre statistischen Grundlagen.* Journ. Stat. et Rev. Econ. Suisse, no. 3, 1921. Pp. 11. Points out ways of securing statistics needed as basis for studying inheritance tax problems.

GULICK, L. *New revenues for city government.* Nat. Munic. League, Jan., 1922. Pp. 4. The committee of the League recommends more use of the special assess-

ment, taxation of signboards according to location, removal of tax limits, and better methods of assessment.

HAGERMAN, J., JR. *The federal estate tax*. Am. Bar. Assoc. Journ., Feb., 1922. Pp. 4. The theory, practice and desirable modifications.

HARRIMAN, E. A. *Taxation of stock dividends*. Bull. Nat. Tax Assoc., Jan., 1922. Pp. 2. Is a stock dividend, payable to one class of stockholders only, taxable as income?

———. *Taxation of tax exemptions*. Am. Bar. Assoc. Journ., Feb., 1922. Pp. 3. Discusses the taxation of the franchise right conferred in tax exemption—a novel tax.

HOLCOMB, A. E. *Conference on national bank taxation*. Bull. Nat. Tax Assoc., Jan., 1922. Pp. 5. Gives a brief statement of the problem and the text of the bill recommended by the conference.

JÈZE, G. *Le controle de l'engagement des dépenses en Belgique*. Rev. de Sci. et de Legis. Finan., Oct.-Dec., 1921. Pp. 11. The waste during the war has led to a change in the Belgian system of control over expenditures.

———. *Les doubles impositions en Angleterre*. Rev. de Sci. et de Legis. Finan., Oct.-Dec., 1921. Pp. 8. Deals with double taxation as considered by the income tax commission.

———. *La réforme budgétaire aux Etats-Unis*. Rev. de Sci. et de Legis. Finan., Oct.-Dec., 1921. Pp. 29. A brief history of the reform and the text of the law.

LEAKE, P. D. *The taxable capacity of a nation: a new conception*. Bus. Org. and Manag. (London), Oct., 1921. Pp. 12. Advocates a ten per cent production tax in place of present British income tax.

LEWIS, R. A., JR. *The government's budget*. World's Work, Mar., 1922. Pp. 5. Explains its aims and methods.

LIESSE, A. *Une experience fiscale: l'impôt sur le revenu*. L'Econ. Franç., Jan. 21, 1922. Pp. 3. Finds the French income tax has brought neither justice nor adequate revenues.

———. *Sur les taux d'intérêts*. L'Econ. Franç., Mar. 4, 1922. Pp. 3. Considers the causes leading to the reduction in rates on government loans.

LINDAHL, E. *Intresseprincipens tillämpning inom kommunalbeskattningen*. Ek. Tids., no. 12, 1921. Pp. 18. Advocates a greater degree of local freedom in taxation to meet local needs.

LOCKHART, O. C. *The revised income tax*. Bull. Nat. Tax Assoc., Jan., 1922. Pp. 3. The complicated provisions may be improved in administration by the new tax simplification board.

MONTGOMERY, R. H. *The new income tax law*. Administration, Jan., 1922. Pp. 4. Points out its merits and defeats.

NEWCOMB, H. T. *Inequalities of federal income and estate taxes*. Trust Companies, Jan., 1922. Pp. 2. Twenty-five states bear about six sevenths of the federal taxes.

ONETO, S. *La discriminazione qualitativa fra ricchezze soggette ad imposta*. Giorn. d. Econ., Sept., 1921. Pp. 20.

PHINNEY, S. H. *Detailed revenues in New Jersey cities*. Am. City, Mar., 1922. Pp. 3.

QUAIL, J. *Taxation and unemployment*. Finan. Rev. Rev., Mar., 1922. Pp. 7. Great Britain and the United States are, excepting Russia, the countries suffering the most from unemployment, are likewise the countries that have taxed themselves the most for war purposes.

- ROTONDI, M. *Riforme, discussioni e proposte in materia d'imposta sulle successioni*. Rif. Soc., Oct.-Dec., 1921. Pp. 41. Recent inheritance-tax history in Italy and its bearings on proposed new tax legislation.
- SELIGMAN, E. R. A. *The state of our national finances*. Am. Econ. Rev., Mar., 1922. Pp. 20.
- SMITH, G. P. *Federal estate tax on life insurance policies*. Trust Companies, Feb., 1922. Pp. 3. Considers it unjust and unconstitutional.
- TAFT, R. A. *A proposed revision of the Smith law*. Bull. Nat. Tax Assoc., Feb., 1922. Pp. 5. A revision of the Ohio law in the direction of greater centralized control of local expenditures.
- THOMPSON, C. D. *The tax system under the reforms*. Indian Journ. Econ., Dec., 1920. Pp. 17. Indian taxes are fairly well distributed as between individuals, but there should be a better division of taxing powers and revenues between central and local governments.
- VAKIL, C. N. *Our fiscal policy*. Journ. Indian Econ. Soc., Dec., 1921. Pp. 24. India's customs system, formerly dominated by Lancashire cotton interests, has become more important as a result of the necessities of war.
- VOGEL, E. H. *Zur Systematik der Finanzwissenschaft in der neuesten Literatur*. Zeitsch. f. Volkswirts. u. Sozialpolitik, Heft 4-6, 1921. Pp. 22. The new works by Tyszká and Földes and the revisions of Eheberg and Conrad are encouraging in this time of national distress.
- WILLIAMS, J. H. *What should we do with the allied debt?* Journ. Am. Bankers Assoc., Feb., 1922. To demand immediate payment of interest would unsettle exchanges and cause shrinkage in our export trade.
- WOOD, J. P. *Hearings on the Fordney Tariff bill before Senate Finance Committee*. Bull. Nat. Assoc. Wool Manufacturers, Jan., 1922. Pp. 48. Includes statistical tables.
- Refunding our loans to foreign governments*. Commerce Mo., Mar., 1922. Pp. 3. Gives arguments for and against cancellation.
- Special assessments*. Nat. Mun. Rev., Feb., 1922. Pp. 16. A report of a committee of the League, describing American practice and indicating the best methods.
- Taxes and incomes*. New Repub., Mar. 8, 1922. Pp. 3. Favors reenactment of excess-profits tax, if the bonus is granted.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- BONNET, H. *Société d'économie sociale—les projets de loi sur les assurances sociales*. Réf. Soc., Jan.-Dec., 1922. Pp. 26. Paper and discussion before the society, generally adverse to the bill.
- BOON, R. L. *The theory and practice of cargo insurance*. Econ. World, Feb. 25, Mar. 4, 1922. Pp. 5, 2. Review of whole subject by a British authority.
- BOULTON, S. *Lloyd's: its history, its organization and its activities*. Econ. World, Dec. 31, 1921. Pp. 4. Popular statement.
- BROECKER, H. *Die gegenwärtigen Kapitalanlagen der Versicherungsgesellschaften*. Zeitschr. f. d. ges. Vers.-Wis., Jan., 1922. Pp. 9. At the end of 1919, the investments of life companies consisted of: mortgages, 64; bonds of public bodies, 14; securities, 14; policy loans, 6 per cent. Since 1914 there has been a moderate increase in securities and public bonds, with corresponding decrease in mortgages.
- BROWN, H. G. *The incidence of compulsory insurance of workmen*. Journ. Pol. Econ., Feb., 1922. Pp. 11. Concludes that the incidence of the charge for

workers' insurance, imposed first on employers, is likely to rest for the most part on wage-earners and that, other things being equal, it will entirely so rest.

CAMMACK, E. E. *Premiums and reserves for non-cancellable accident and health policies.* Proc. Cas. Act. Soc., May, 1921. Pp. 34. In view of the lack of published sickness tables compiled from American experience, use may be made of the Manchester Unity, classes A. H. J., tables. Gives valuable tables recently compiled.

CRAWFORD, W. S. *Outstanding features of fire insurance in the United States during 1921.* Econ. World, Feb. 4, 1922. Pp. 3. Republished from *N. Y. Journal of Commerce*, Jan. 23, 1922. The deflation period of 1921 put the business on a sound basis. Has been a decrease in premiums, moral hazard a serious problem, expenses were high, but business generally good.

DENNISON, H. W. *Depression insurance: a suggestion to corporations for reducing unemployment.* Am. Labor Legis. Rev., Mar., 1922. Pp. 6. Prevention more important than relief; by regularization, which is perfectly feasible, this can be secured. Gives experience of Dennison Company. Proposes a plan of mutual insurance among employers to carry burden of depressions.

ELY, E. *Automobile property damage insurance.* Econ. World, Feb. 18, 1922. Pp. 4. This form protects the assured in case of damage to property of others, including loss of use. Writer also discusses collision insurance.

EPFS, G. S. W. *Superannuation funds. Notes on some post-war problems, III.* Journ. Inst. Act., Oct., 1921. Pp. 40. Treats the increase of salaries, changes in interest rate, effect of new entrants, depreciation of securities and methods of caring for deficiencies. Gives table of pensioners' mortality rates.

GARINO-CANINA, A. *Le assicurazioni sociali in Italia nel periodo post-bellico.* Rif. Soc., Oct.-Dec., 1921. Pp. 12.

GÜNTHER, E. *Die Tarife in der deutschen Sozialversicherung.* Schmollers Jahrb., Heft 4, Jahrg. 45. Pp. 42. Scientifically constructed tariffs fundamental in any system of insurance. The new laws on social insurance are so lacking in system, so badly constructed that they simply produce social injustice and will later have to be supplanted.

HORR, A. R. *Can trust companies and life insurance companies be neighbors without quarreling?* Econ. World, Feb. 11, 1922. Pp. 3. Analyzes recent developments in the creation of trusts during applicant's life time, savings accounts combined with life insurance, etc. Coöperation will increase business of both life and trust companies.

JEWETT, M. E. *Automobile liability insurance: "personal injury" coverage.* Econ. World, Jan. 28, 1922. Pp. 3. The nine million cars caused about nine thousand deaths in 1920.

KEATE, H. *The history and practice of general average in marine underwriting.* Econ. World, Jan. 21, 1922. Pp. 3. Explanation and definition of terms.

KENCHINGTON, C. W. *Modern developments in the methods of industrial assurance valuations.* Journ. Inst. Act., Oct., 1921. Pp. 24. Use of mechanical tabulation, the approximate check method, etc.

LAIRD, J. M. *Non-cancellable accident and health insurance underwriting problems.* Proc. Cas. Act. Soc., May, 1921. Pp. 31. Reviews development in this field and discusses such features as policy coverage, disability rates, premiums, reserves, etc.

LOCK, F. *The National Association of Insurance Agents and the fire insurance business in the United States.* Econ. World, Mar. 18, 1922. Pp. 4. Agency qualifications, the status of the broker, underwriters' agencies, mutual and reciprocal competition, overhead writing, etc., are discussed.

- MACK, W. J. *Safeguarding employment: the "Cleveland plan" of unemployment compensation.* Am. Labor Legis. Rev., Mar., 1922. Pp. 6. In the ladies' garment industry of Cleveland, an agreement exists by which the employers guarantee the regular workers 20 weeks of employment in each six months; if employment is not so provided, then each worker receives two-thirds of his minimum wage.
- MICHELBACHER, G. F. *Distribution of "shock" losses in workmen's compensation and liability insurance.* Proc. Cas. Act. Soc., May, 1921. Pp. 31. The distribution of the burden caused by a large number of injuries or a heavy verdict is effected by a reinsurance pool, by coinsurance, by reinsurance, or by sharing the insurance. Description of organizations now operating.
- MORRIS, E. B. *Some new problems affecting life insurance.* Econ. World, Dec. 24, 1921. Pp. 4. Survey of actuarial aspects of group insurance, life policies placed with aid of employer, home-building contracts, savings combinations, raising endowments for institutions, etc.
- MOBBRAY, A. H. *The Casualty Actuarial Society as an educational institution.* Proc. Cas. Act. Soc., May, 1921. Pp. 7. Achievements of society with plans for future.
- NOLLEN, H. S. *Recent fluctuations in life insurance policy loans in the United States.* Econ. World, Dec. 24, 1921. Pp. 3. There was a rise during the 23 years preceding 1915, when the maximum was reached, followed by a sudden decline 1914 to 1919 when the ratios began rapidly to increase.
- ORR, L. P. *The peace and life assurance.* Econ. World, Jan. 14, 1922. Pp. 4. Events since the armistice—depreciated securities, higher interest rates, lower death rates, increased administrative costs, etc.
- PALME, S. *Ein Beitrag zum Studium der Sterblichkeit minderwertigen Leben.* Zeitschr. f. d. ges. Vers.-Wis., Jan., 1922. Pp. 9. Useful tables showing the influence of various diseases, hereditary influences, etc., on death rates. Data secured from 16 Swedish life companies.
- RATO, A. *El régimen de retiros obreros en las diferentes legislaciones europeas.* Rev. Nac. de Econ., XI, 1921. Pp. 31. Description of old age pensions systems now in operation in Europe.
- RENFER, H. *Die Verkehrsmittel-Unfallversicherung.* Zeitschr. f. d. ges. Vers.-Wis., Jan., 1922. Pp. 16. Survey of travelers' accident insurance in Europe.
- RYDER, A. *Forms of automobile coverage and determination of rates.* Econ. World, Mar. 4, 1922. Pp. 4. Must be a separate rate for each coverage and this rate must vary in the different sections of the country; must also be different for each make of car.
- SHATTUCK, H. L. *Unemployment insurance legislation in Massachusetts.* Am. Labor Legis. Rev., Mar., 1922. Pp. 5. Provisions of bill introduced into Massachusetts legislature in January, 1922.
- STIER-SOMLO, F. *Die "vorläufige" Arbeitslosenversicherung.* Zeitschr. f. d. ges. Vers.-Wis., Jan., 1922. Pp. 13. Critique of the government's plan for a system of unemployment insurance for Germany, as announced in *Reichs-Arbeitsblatt* of 1921, number 24, p. 839 ff.
- VERMONT, H. *La loi d'assurances sociales.* Réf. Soc., Jan., 1922. Pp. 24. General principles of the proposed law for France, critical analysis of its provisions, answer to arguments in favor of the proposal, etc. Concludes by opposing the bill as not adapted to French conditions.
- WHITNEY, A. W. *A study of schedule rating.* Proc. Cas. Act. Soc., May, 1921. Pp. 9. Development of formula.
- Workmen's compensation for the District of Columbia.* Am. Labor Legis. Rev., Mar., 1922. Pp. 9. Report of House Committee on District of Columbia, recommending exclusive state fund.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- HENRY, M. B. *Near-delinquents in the public schools*. Journ. Delinquency, Nov., 1922. This study considers fifty cases of children in the public schools and analyzes their social and individual backgrounds. In conclusion the article suggests the development of a system of supervision of those children whose parents are incapable of accepting proper responsibility.
- NELSON, D. E. *Instituciones de prevision local en la lucha contra la delincuencia infantil*. Boletin del Museo Soc. Argentino, Jan. 25, 1922. Deals with methods of supervising and caring for juvenile delinquents. Draws heavily upon the methods that have been developed in the United States and to some extent in England and suggests the desirability of applying some of these methods to the situation in the Argentine.
- NORTHCOTT, C. H. *Unemployment relief in Great Britain*. Pol. Sci. Quart., Sept., 1921. Discusses three governmental proposals for the relief of unemployment. Two deal with development of various forms of public work. The third plan consists of an endeavor to promote a housing construction program. The article also discusses briefly the Unemployment act.

Statistics

(Abstracts by Horace Secrist)

- AMARK, K. *En svensk prishistorisk studie*. Ek. Tids., no. 12, 1921. Pp. 24. A study of prices in Sweden from 1732 and on. Annual index numbers for the entire period are given and a diagram shows the price index curve by five-year periods.
- BEALES, LE V. *The negro enumeration of 1920*. Sci. Mo., Apr., 1922. Pp. 10. A defense of the accuracy of the enumeration of the negroes at the last census.
- BERRIDGE, W. A. *Employment and the business cycle*. Rev. Econ. Stat., Jan., 1922. Pp. 40. An epoch-making study of the available data on employment in their relation to the business cycle.
- BURNHAM, G. H. *The weather element in railroading*. Mo. Weather Rev., Jan., 1922. Pp. 7.
- CARJOLSKY, H. *Produktionsstatistik im Maschinenbau*. Technik u. Wirtsch., Apr., 1921.
- DAVIES, G. R. *Social aspects of the business cycle*. Quart. Journ., U. of No. Dakota, Jan., 1922. Pp. 15. A curious mixture of statistical methods in their application to social data.
- DUBLIN, L. I. *The mortality of foreign race stocks*. Sci. Mo., Jan., 1922. Pp. 11. A restatement of the conclusions from two earlier articles of the author relative to the seemingly increased mortality rate of the American people after the age of 45.
- . *A program for the statistics of the venereal diseases*. Soc. Hygiene, Oct., 1921. Pp. 12. An analysis of the data on the prevalence of deaths, together with a critical analysis of the limitations of the data available. Bibliography.
- . *Records of public health nursing and their service in case work, administration and research*. Reprint from the *Public Health Nurse*. Five lectures delivered before the department of nursing and health, Teachers' College, Columbia University, April, 1921.
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not an instrument of universal validity, and while it may effectively supplement the tabular presentation of statistical facts, it cannot supplant it."

- GUMBEL, E. J. *Ein Versuch eines mathematischen "Gesetzes der Bevölkerungszunahme."* Deutsches Stat. Zentrallblatt, Mar.-Apr., 1921.
- HOLMES, B. E. *The ratio chart applied to inventory control.* Indus. Manag., Apr., 1922. Pp. 3.
- DE LEENER, G. *Notes sur les parts de profits et des salaires dans l'industrie belge.* Rev. de l'Inst. de Soc., July, 1921. Pp. 30.
- LOWREY, L. G. *Statistical classifications as applied to the work of temporary care institutions.* Bull. Mass. Dept. of Mental Diseases, Jan., 1921. Pp. 6.
- McPHERSON, J. B. *An estimate of the world's sheep and wool product.* Annual Wool Rev., 1921. Pp. 3.
- MOURRE, BARON. *Les crises et leurs signes caractéristiques aux Etats-Unis de 1882 à 1921.* Journ. Soc. Stat. de Paris, Jan., 1922. Pp. 20. The study is divided into two parts. The first has to do with a description of the various crises through which the United States has passed; the second, with the comparison of the statistical measures of crises.
- PEAKE, E. G. *The formation of a central bureau of information.* Bankers' Mag. (London), Mar., 1922. Pp. 3. Plea for the organization of a research bureau with the object of collecting information after the manner of the Board of Trade, and examining it in the light of the new statistical methods, discovered by Karl Pearson and others, "with a view to discovering relationships, in the nature of cause and effect and to measure definitely the closeness of such relationships as are already known."
- PERSONS, W. M. *An index chart based on prices and money rates.* Rev. Econ. Stat., Jan., 1922. Pp. 5. Presents and compares "series for stock prices, commodity prices, and money rates." "Cyclical movements of stock prices are followed in point of time by similar movements of commodity prices, and these, in turn, by similar movements of money rates."
- PRINZING, F. *Die deutschen und die internationalen Todesurachenverzeichnisse.* Deutsches Stat. Zentrallblatt, Mar.-Apr., 1921.
- REW, H. *The progress of British agriculture.* Journ. Royal Stat. Soc., Jan., 1922. Pp. 26.
- RUSHER, E. A. *The statistics of industrial morbidity in Great Britain.* Journ. Royal Stat. Soc., Jan., 1922. Pp. 60.
- SELTZER, L. H. and HORNER, S. L. *Bank reserves and the call money loan rate.* Journ. Pol. Econ., Feb., 1922. Pp. 11. Analysis of data for 1901-1909 by J. P. Norton's method and by supplementing it by a more detailed analysis.
- STEWART, E. *Trend of employment in the manufacturing industries in the United States.* Mo. Labor Rev., Mar., 1922. Pp. 7. A study of data on employment from the U. S. Bureau of Labor Statistics, N. Y. Dept. of Labor, Wis. Industrial Commission, and Mass. state census in the light of normal growth of employment in manufacturing in the United States for the purpose of establishing "if possible a level of employment volume, that, if adhered to, will prevent the industrial collapse that results from unintelligent overstimulation."
- VARAGNAC. *Les statistiques du Conseil d'Etat en matière contentieuse depuis nivôse an VIII (Décembre 1799).* Journ. Soc. Stat. de Paris, Mar., 1922. Pp. 10.
- WINKLER, W. *Von den statistischen Massen und ihrer Einteilung.* Jahrb. v. Nationalök. u. Stat., Apr., 1921.

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

The United States Tariff Commission has published, in its Tariff Information Surveys, revised editions of descriptive matter on the sections of the Tariff act of 1913 for the following groups: *Cyrolite, Graphite, and Magnesite* (pp. 65); *Tin* (pp. 45); *Eggs and Egg Products* (pp. 65); *Yarns, Threads, and Cordage of Vegetable Fibers other than Cotton* (pp. 111); *Jute Cloths* (pp. 82).

The Commission has also published:

Summary of Tariff Information, 1921, a revision of an earlier publication under a similar title used by the Ways and Means Committee of the House. The articles and provisions discussed are arranged according to the paragraphs and sections in the Fordney bill (H. R. 7456).

Sheep and Wool Production in Argentina, with special reference to cost of production, 1918 and 1919 (pp. 35).

In the Miscellaneous Series of the Bureau of Foreign and Domestic Commerce, has appeared No. 109, *Trade of the United States with the World, 1919-1920: Imports* (pp. 128).

The Bureau of the Census has issued Bull. 147, *Cotton Production and Distribution, Season of 1920-1921* (Washington, 1921, pp. 138).

Part II of the summary of report of the Federal Trade Commission on the *Pacific Coast Petroleum Industry* deals with *Prices and Competitive Conditions* (Washington, 1921, pp. 21).

The Federal Trade Commission has adopted a plan of printing its decisions as separates, each decision being a pamphlet in itself. These separates begin with No. 137.

Part I of the report of the Joint Commission of Agricultural Inquiry is entitled *The Agricultural Crisis and Its Causes*. This appears as H. R. 408, 67 Cong., 1 Sess. (Washington, 1921, pp. 240). It contains a large amount of statistical material illustrated by charts. Among the chapter headings are to be noted "The farmer's dollar in 1920-21," "Relative growth of agriculture and other industries in quantity production," "Production and consumption of farm products and their relation to prices," "Farm mortgages," "Farm tenancy," and "Transportation." Part II is on *Credit* (pp. 159). Considerable space is devoted to federal reserve policy in relation to agricultural interests.

The Bureau of Markets and Crop Estimates of the federal Department of Agriculture has issued Bull. 1002 on *Open Types of Public Markets*, by McFall Kerbey (pp. 18).

The Bureau of the Census has issued a bulletin on agriculture entitled *Summary of the Census of Agriculture for the United States, 1919 and 1920* (pp. 76).

The Portland Chamber of Commerce has for circulation a quarto pamphlet entitled *General Survey, Columbia River Gateway Country*. This contains many interesting maps and charts comparing the Pacific coast

with the Atlantic coast, population distribution, trade territory analysis, railroads of the Pacific coast, Pacific Ocean traffic, manufacturing plants, and financial standing of the Pacific coast cities.

There has been received from the Chamber of Commerce of the United States (Washington) a mimeographed statement dealing with the investigation of the retail meat trade and an advance report of an investigation which has been made by the Bureau of Markets of the United States Department of Agriculture on this subject.

From the Special Delegation of the Far Eastern Republic to the United States several pamphlets have been received, among which may be noted *The Fur Industry of the Far Eastern Republic* (pp. 13), and *The Forest Resources* (pp. 12). Address, 2016 O Street, N. W., Washington, D. C.

Attention should have been earlier directed to the valuable report of the New York and New Jersey Trade and Harbor Development Commission, made in 1920. This report contains a large amount of economic data dealing with the history of shipping and railroad development in New York, motor truck service, warehousing, markets, and food distribution (pp. 495).

Corporations

The National Association of Owners of Railway Securities (Baltimore) has published an *Analysis of the United States Supreme Court Decision, Wisconsin Rate Case*, by S. Davies Warfield (pp. 24).

The National Coal Association (Washington, D. C.) prints in pamphlet form *Statement of J. D. A. Morrow* before the Interstate Commerce Commission in the Hearing on Railroad Rates, Fares and Charges, January 19, 1922 (pp. 29).

President's Conference Committee (737 Commercial Trust Building, Philadelphia, Pa.) has printed a statement prepared by Frederick H. Lee on the *Developments in Connection with Federal Valuation* (January 20, 1922, pp. 16). In this connection, attention may be called to the statement of Mr. Charles Hayden, chairman of the Board of Directors of the Chicago, Rock Island and Pacific Railway Company, to the stockholders under date of January 7, 1922, in regard to the federal valuation of the company's physical property.

Labor

The federal Bureau of Labor Statistics has issued the following bulletins: No. 287, *National War Labor Board*, containing a history of its formation and activities, together with its awards and the documents of importance in the record of its development (Washington, 1922, pp. 324).

No. 291, *Carbon-monoxide Poisoning*, by Alice Hamilton (1922, pp. 47).

No. 292, *Labor Legislation of 1920*, by Lindley D. Clark (pp. 152).

No. 294, *Wages and Hours of Labor in the Slaughtering and Meat-packing Industry, 1921* (February, 1922, pp. 93).

The Bureau of Mines of the Department of the Interior has prepared summaries on *Quarry Accidents in the United States during 1920* (Washington, 1922, pp. 66), and *Metal-mine Accidents in 1920* (pp. 99). These two reports are prepared by William W. Adams.

The United States Public Health Service has for circulation a small pamphlet, *Sickness Frequency among Industrial Employees*. This is a reprint of No. 624, originally published in December, 1920 (Washington, 1921, pp. 12).

From the United States Railroad Labor Board has been received *Average Daily and Monthly Wage Rates of Railroad Employees on Class 1 Carriers, October, 1921* (Chicago, 1922, pp. 13, with table).

The Coal Age, (Tenth Ave. and 36th St., New York City) is publishing a series of bulletins dealing with the coal crisis.

No. 4, vol. II, *Wisconsin Safety Review*, published in October, 1921, deals with *General Accident Statistics for Wisconsin* (pp. 124). This commission in *Wisconsin Labor Market*, published monthly, January, 1922, calls attention to the "all-inclusive employment index" which it has prepared.

The University Extension Division of the University of Wisconsin has issued supplementary sheets, Circular no. 9, *Industrial Housing*, and Circular no. 10, *Government in Industry*.

Money, Prices, Credit, and Banking

The First Federal Foreign Banking Association (40 Wall St., New York) is issuing a series of bulletins dealing with organization of foreign credit.

The Fifth Annual Report of the Federal Farm Loan Board has appeared as H. R. Doc. no. 147, 67 Cong., 2 Sess. (Washington, 1922, pp. 10).

The Federal Reserve Bank of New York has for distribution a pamphlet entitled "Better Banking under the Federal Reserve System." These may be obtained in quantity for class use at one cent apiece.

Public Finance

The United States Internal Revenue Office of the Treasury Department has compiled *Statistics of Income for 1919* (Washington, 1922, pp. 131).

From the office of the Director of the Bureau of the Budget (Washington, D. C.) have been received three pamphlets, as follows: *Message of the President*, transmitting the budget for the fiscal year ending June 30, 1923, and the *Report of the Director of the Bureau of the Budget; Addresses of the President and the Director* at the second semi-annual meeting of the Business Organization of Government, held February 3, 1922; and the *Report to the President by the Director*, transmitting reports of the chief coördinator, general supply, and the chairmen of the coördinating boards.

The Chicago Bureau of Public Efficiency (315 Plymouth Court) has published two pamphlets entitled, *A Protest Against the Proposed New County*

Road Tax (pp. 8), and *Suggestions for Avoiding an Unnecessary Increase in School Taxes* (pp. 6).

Report of the Commissioners of Taxes and Assessments of the City of New York (1921, pp. 59) has appeared.

The following state reports dealing with taxes have been received:

Indiana Law Relating to the Assessment and Taxation of Property Concerning the Duties and Powers of Taxing Officers (Indianapolis, 1922, State Board of Tax Commissioners, pp. 285).

Tenth Annual Report of the Colorado Tax Commission (Denver, 1921, pp. 123).

Illinois Transfer Tax Law, in Force July 1, 1921 (Springfield, pp. 17).

Eleventh Annual Report of the New Hampshire State Tax Commission, 1921 (Concord, pp. 95).

Sixth Annual Report of the State Board of Taxes and Assessment of New Jersey, 1921 (Trenton, pp. 334).

Annual Report of the New York State Tax Commission, 1920 (Albany, 1921, pp. 382).

Bulletin no. 9 of the Rhode Island Tax Officials Association, giving an account of the *Proceedings of the Tenth Annual Meeting* and a brief statement in regard to tax legislation in 1921 (pp. 22).

Annual Report of the Tax Commission of the State of South Dakota, 1920-1921 (Pierre, pp. 111).

The Inheritance Tax Laws of Wisconsin (Madison, 1921, Wisconsin Tax Commission, pp. 64).

Insurance and Pensions

Relating to workmen's compensation are to be noted:

Fifth Annual Report of the United States Employees Compensation Commission, 1920-1921 (Washington, pp. 108).

Colorado Workmen's Compensation Law of 1919, as amended in 1921 (Denver, pp. 29).

Ninth Annual Report of the Industrial Commission of Wisconsin on Workmen's Compensation (Madison, pp. 90).

Eleventh Annual Report of the United States Steel and Carnegie Pension Fund, 1921 (Pittsburgh, pp. 9).

Senate document no. 283 of the Massachusetts Legislature contains a report of the commission appointed in 1921 to report on the expediency and necessity of establishing a minimum standard of net valuation on life insurance policies (Boston, pp. 12).

NINETEENTH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL ECONOMY IN PROGRESS IN AMERICAN UNI- VERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows:

Second list, 1905, in third series, vol. iv, p. 737.

Third list, 1906, in third series, vol. vii, no. 3, supplement, p. 43.

Fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 42.

Fifth list, 1908, in the *Bulletin* for April, 1908, p. 69.

Sixth list, 1909, in the *Bulletin* for April, 1909, p. 16.

Seventh list, 1910, in the *Bulletin* for March, 1910, p. 12.

Eighth list, 1911, in the *REVIEW* for March, 1911, p. 212.

Ninth list, 1912, in the *REVIEW* for June, 1912, p. 519.

Tenth list, 1913, in the *REVIEW* for June, 1913, p. 527.

Eleventh list, 1914, in the *REVIEW* for June, 1914, p. 524.

Twelfth list, 1915, in the *REVIEW* for June, 1915, p. 476.

Thirteenth list, 1916, in the *REVIEW* for June, 1916, p. 499.

Fourteenth list, 1917, in the *REVIEW* for June, 1917, p. 485.

Fifteenth list, 1918, in the *REVIEW* for June, 1918, p. 459.

Sixteenth list, 1919, in the *REVIEW* for June, 1919, p. 433.

Seventeenth list, 1920, in the *REVIEW* for September, 1920, p. 692.

Eighteenth list, 1921, in the *REVIEW* for June, 1921, p. 388.

Theory and Its History

S. J. A. BRANDENBURG, A. B. Miami University, 1904; Ph. M., Chicago University, 1909. Contributions of earlier economists to thought on agricultural economics. 1922. *Wisconsin*.

DOROTHY MILES BROWN, A. B., Michigan, 1911; A. M., 1914. The theory of a normal rate of profit. 1922. *Michigan*.

CARL ADDINGTON DAWSON, A. B., Acadia, 1912; B. D., Chicago, 1921. Social nature of thinking. 1922. *Chicago*.

ARTHUR L. FAUBEL, B. S., New York University, 1919; A. M., Columbia, 1920; A. M., Princeton, 1921. Price fixing and competitive prices. 1923. *Princeton*.

JOSEPH BRADLEY HUBBARD, A. B., Wisconsin, 1912; A. M., 1913. Economic thought in the early middle ages. 1924. *Harvard*.

FAY BERGER KARPF, A. B., Northwestern, 1915. American social psychology. 1922. *Chicago*.

A. J. MERTZKE, A. B., Wisconsin, 1916. Development of economics in the South prior to the Civil War. *Wisconsin*.

RALPH W. NELSON, A. B., Phillips, 1915; A. M., Kansas, 1916; B. D., Yale, 1918. Elements of the social theory of Jesus. 1923. *Chicago*.

FRANCIS LESTER PATTON, A. B., Ohio State, 1913; A. B., Oxford, 1916; A. M., Oxford, 1919. Diminishing returns. 1922. *Columbia*.

SHIRLEY DONALD SOUTHWORTH, A. B., Princeton, 1918; A. M., 1921. A history of the interest rate since 1879. 1923. *Princeton*.

MARJORIE TAPPAN, A. B., Cornell. Time and the economic process. 1922. *Columbia*.

JOHN B. WASHBURN, A. B., Whitman College, 1910. The definition of income. 1922. *California*.

Economic History and Geography

- FANNIE FERN ANDREWS, A. B., Radcliffe, 1902; A. M., 1920. The mandatory System. *Radcliffe*.
- MANDELL MORTON BOBER, S. B., Montana, 1918; A. M., Harvard, 1920. The economic interpretation of history. 1923. *Harvard*.
- KATHLEEN EVELETH BRUCE, A. B., Radcliffe, 1918; A. M., 1919. The iron industry in Virginia to 1914, an historical study. 1922. *Radcliffe*.
- ROTH CLAUSING, A. B., Ohio Wesleyan, 1912; A. M., Columbia, 1917. Theories of the colonate. 1923. *Columbia*.
- C. DITTMER, Ph. B., Hamline University, 1910; A. M., Wisconsin, 1918. A socio-economic survey of living conditions in North China. 1923. *Wisconsin*.
- WAYLAND FULLER DUNAWAY, A. B., A. M., Richmond; B. D., Th. M., Crozier Theological Seminary; A. M., Chicago. History of the James River and Kanawha Company. 1922. *Columbia*.
- HERBERT FIELD, A. B., Union Theological Seminary, 1909; A. M., Columbia, 1921. The anti-race movement in New York. 1922. *Columbia*.
- JOSEPH A. GEDDES, A. B., Brigham Young College, 1907; A. M., Columbia, 1913. Some economic aspects of the settlement and growth of Franklin County, Idaho. 1923. *Columbia*.
- FRANCES E. GILLESPIE, A. B., George Washington, 1906; A. M., Chicago, 1918. The political history of the English workingman, 1850-1880. 1922. *Chicago*.
- WILSON L. GODSHALL, B. S., Pennsylvania, 1919; A. M., 1920. The Shantung question in its international relations. 1922. *Pennsylvania*.
- CYRIL D. HILL, A. B., Washington, 1921. Origin of community property system in relation to the property rights of husband and wife. 1924. *University of Washington*.
- IRVING JACKSON. Russia and anarchism. 1924. *California*.
- HENRY FRANCIS JAMES, Ph. B., Wisconsin, 1915; Ph. M., 1920. Geography of the Allegheny plateau. 1924. *Pennsylvania*.
- SAMUEL HAGOP JAMGOCHIAN, S. T. B., Yale, 1919; A. B., Amherst, 1920; A. M., Columbia, 1921. Future industries of Armenia. 1923. *Columbia*.
- FREAS FREDERICK JORDAN, S. B., Pittsburgh, 1919; A. M., Chicago, 1921. Industrial and commercial history of Pittsburgh. 1923. *Chicago*.
- IRVING STODDARD KULL, A. B., Beloit, 1909; A. M., Indiana, 1911. The Presbyterian Church and slavery. 1922. *Chicago*.
- CHIANG LIU, A. B., Cornell College, 1920; A. M., Iowa, 1921. Isolation and contact as factors in the cultural evolution of China, Korea and Japan, before 1854. 1923. *Iowa*.
- ISABEL MCKENZIE, A. B., Barnard, 1912; A. M., Columbia, 1914. Social activities of English Friends in the period of industrial revolution. 1923. *Columbia*.
- WALTER EVERT MYER, A. B., Southwestern, 1910; A. M., Chicago, 1913. The social history of Kansas. 1922. *Chicago*.
- J. EDWIN POMFRET, A. B., Pennsylvania, 1920. France after the restoration with special reference to the relations with the United States. 1923. *Pennsylvania*.
- LOWELL JOSEPH RAGATZ, A. B., Wisconsin, 1920; A. M., 1921. Economic decline of the British West Indies. 1923. *Pennsylvania*.
- HANNAH GRACE ROACH, A. B., Brown, 1918; A. M., Radcliffe, 1919. Sectionalism in American politics from the reconstruction period to 1890. 1922. *Radcliffe*.

- LOUISE BERTHA ROBERTS, A. B., Radcliffe, 1917; A. M., 1920. The diplomatic history of the War of the Polish Succession. *Radcliffe*.
- LEO ROGIN, A. B., Rutgers, 1916. The relation between farm and labor movements since the Civil War. 1923. *Columbia*.
- WILLIAM CHARLES SCHLUTER, A. B., Iowa State, 1915; A. M. Columbia, 1916. Causes of the business depressions 1910-11 and 1913. 1922. *Columbia*.
- H. L. SCOTT, Ph. B., Denison, 1911. The social influence of oversea expansion on France, to 1785. 1922. *Columbia*.
- MARK ANSON SMITH, A. B. Dartmouth, 1910; A. M. Wisconsin, 1913. The recent history of the wool industry. 1923. *Harvard*.
- RUTH TOMLINSON, A. B., Smith, 1914; A. M., Radcliffe, 1916. Worcester County economic history. 1924. *Radcliffe*.
- MARY ALLOUIZ WALDRON, A. B., Indiana, 1920; A. M., 1921. History of social legislation in Indiana. 1923. *Indiana*.
- CARL OSCAR WILLIAMS, S. B., Valpariso, 1916; A. M., Chicago, 1918. The history of slavery in Iceland. 1922. *Chicago*.
- HELEN RUSSELL WRIGHT, A. B., Smith, 1912. Labor party politics in England since 1880. 1922. *Chicago*.

Agriculture, Mining, Forestry and Fisheries

- E. G. AQUINO, A. B., Philippines, 1917; A. M., Yale, 1921. Agricultural legislation of the Philippines. 1924. *Wisconsin*.
- F. A. BUECHEL, Ph. B., Wisconsin, 1909; Ph. M., Wisconsin, 1912. Relation of agricultural land rents to land values in theory and practice. 1923. *Wisconsin*.
- CLAUDE F. CLAYTON, A. B., Missouri, 1915; A. M., 1916. Price as a factor in the determination of the choice of certain Minnesota farm enterprises. 1924. *Minnesota*.
- PAUL EKE, A. B., Wisconsin, 1920; A. M., 1921. The history of agriculture in Rush County. 1923. *Wisconsin*.
- ERIC ENGLUND, B. S., Oregon Agricultural College, 1918; B. A., Oregon, 1919; M. A., Wisconsin, 1920. The relation of free land to American agriculture; historical study and critical estimate. *Wisconsin*.
- LOUIS F. GAREY, M. S., Nebraska, 1916. The economic basis of beef and pork production in Minnesota. 1925. *Minnesota*.
- R. L. GILLET, B. S., Cornell, 1917. A study of farm labor in Seneca County, New York. 1922. *Cornell*.
- W. E. GRIMES, B. S., Kansas Agricultural College, 1913. Measures of farm income. 1923. *Wisconsin*.
- GEORGE BRADBURY HILL, A. B., Wisconsin, 1908; A. M., Columbia, 1920. A study of the statistics of agricultural production. 1923. *Columbia*.
- JOHN ABEL HOPKINS, JR., S. B., Delaware College, 1917. The depression and readjustment in agriculture in the United States in 1920-1921. 1923. *Harvard*.
- A. W. JAMISON, B. S., Princeton, 1897; M. S., Princeton, 1899. The agriculture of Illinois. 1923. *Wisconsin*.
- P. E. McNALL, B. S., Kansas State Agricultural College, 1909; B. S., 1915. The relation of the prices of farm products to land values. 1923. *Wisconsin*.
- BERNHARD OSTROLENK, B. S., Massachusetts Agricultural College, 1911; A. M., Pennsylvania, 1919. Social aspects of the food surplus in the United States. 1922. *Pennsylvania*.

- S. W. SHEAR, B. S., Wisconsin, 1918; M. S., 1920. Land utilization and settlers' progress in northern Wisconsin. 1923. *Wisconsin*.
- GEORGE WARD STOCKING, A. B., Texas, 1918; A. M., Columbia, 1921. Oil production and the competitive system. 1922. *Columbia*.
- R. P. TEELE. Irrigation in the United States. 1922. *California*.
- G. S. WEHRWEIN, B. S., Wisconsin, 1913; M. S., Wisconsin, 1920. Land ownership and tenancy in the United States. *Wisconsin*.

Manufacturing Industries

- JOHN C. PAUTZ, A. B., Northwestern, 1916. The development of manufactures in the Great Lakes Basin. 1922. *Columbia*.
- LAWRENCE HOWARD SELTZER, A. B., Michigan, 1920; M. A., Michigan, 1921. A financial history of the automobile industry in the United States. 1923. *Michigan*.
- WILLIAM GEORGE SUTCLIFFE, A. B., British Columbia, 1919. The United States glass and pottery industry. 1923. *Harvard*.

Transportation and Communication

- ELIZABETH CABLE BROOK, A. B., Kansas, 1912; A. M., 1913. The struggle for the Interstate Commerce Commission. 1922. *Chicago*.
- HARCOURT LENIHART CAVERLY, A. B., Michigan, 1919. Financial aspects of federal railroad control; January 1, 1918—March 1, 1920. 1922. *Michigan*.
- EDWARD M. EARLE, B. S., Columbia, 1917; A. M., 1918. The Bagdad Railway reconsidered. 1923. *Columbia*.
- HUGH CAMPBELL FRAME, A. B., Dalhousie, 1917; A. M., Harvard 1920. The division of joint freight rates. 1923. *Harvard*.
- H. S. GABRIEL, B. S., Cornell, 1915; M. S., Cornell, 1920. The transportation and distribution of grapes. 1923. *Cornell*.
- V. B. HART, B. S., Cornell, 1916. Farm motor trucks in New York state. 1922. *Cornell*.
- JAMES NOBLE HOLSON, A. B., Butler College, 1917; A. M., Indiana, 1920. Transportation rates and regional farm prices. 1923. *Princeton*.
- JOSEPH B. KENKEL, A. B., St. Joseph's College, 1913. Coöperative grain marketing at country points in the north central states. 1922. *Catholic University*.
- ELBERT A. KINCAID, A. B., Washington State, 1910; A. M., Harvard, 1911. Federal land grants to Central Pacific Railway. 1922. *California*.
- RAYMOND H. KINNEY, A. B., Oregon, 1920. Highway transportation. 1924. *Pennsylvania*.
- ROLAND L. KRAMER, B. S., Pennsylvania, 1919; A. M., 1921. The history of export and import railroad rates and their effect upon the foreign trade of the United States. 1923. *Pennsylvania*.
- ANDREW J. NEWMAN, A. B., Washington, 1910; A. M., Missouri, 1911. The port of San Francisco. 1922. *California*.
- MARIUS RANSON, A. B., Cincinnati, 1913. The cyclization of the railroad industry. 1923. *Columbia*.
- MARY E. STEWART, B. S., Pennsylvania, 1918; A. M., 1919. History of the internationalizing of European rivers. 1922. *Pennsylvania*.
- FRANK E. WILLIAMS, A. B., Wisconsin, 1910; A. M., 1912. The port of Philadelphia. 1923. *Pennsylvania*.

Trade, Commerce, and Commercial Crises

- HILDING EDWARD ANDERSON, B. S., Wisconsin, 1917; A. M., 1920. The New York butter market. 1922. *Columbia*.
- THEODORE N. BECKMAN, A. B., Ohio State, 1920. The wholesale dry goods trade. 1924. *Ohio State*.
- WILLIAM ARTHUR BERRIDGE, A. B., Harvard, 1914; A. M., 1919. Unemployment and its relation to the business cycle in the United States and the United Kingdom. 1922. *Harvard*.
- NORMAN S. BUCK, A. B., Yale, 1913. The organization of Anglo-American trade in the first half of the nineteenth century. 1922. *Yale*.
- W. L. DAVIS, Ph. B., Wisconsin, 1904. Social effects of the development of the art of selling. 1923. *Wisconsin*.
- HENRY L. DEIMEL, JR., A. B., California, 1920. Survey of export commerce of the port of San Francisco in last ten years. 1923. *California*.
- JOHN TRUMAN HORNER, A. B., Oklahoma, 1909; B. S. and A. M., 1916. Principles of agricultural marketing. 1923. *Columbia*.
- THOMAS POWDERLY MARTIN, A. B., Leland Stanford, 1913; A. M., California, 1914. The effect of trade on Anglo-American relations, 1840-1865. 1922. *Harvard*.
- ROBERT LOUIS MASSON, A. B., Iowa, 1912; A. M., 1915. The international trade of Australasia. 1923. *Harvard*.
- HAROLD HOWARD MAYNARD, A. B., Iowa State Teachers College, 1912; A. M., Iowa, 1915. The marketing of northwestern boxed apples. 1922. *Iowa*.
- W. E. ZUECH, A. B., Lenox College, 1913; A. M., Clark University, 1916. The credit economy and the business cycle. 1922. *Wisconsin*.

Accounting, Business Methods, Investments, and the Exchanges

- PAUL MOODY ATKINS, A. B., Yale, 1914; A. M., 1915. The business manager's administration of production. 1922. *Chicago*.
- JOSEPH CHARLES BARTLEY, A. B., Villanova, 1916; A. M., 1917. Government control over prices by the food administration. 1922. *Catholic University*.
- EDMUND WILLIAM BRADWIN, A. B., Queen's University, 1914. Contract system on railroad construction. 1922. *Columbia*.
- EDWARD TAYLOR BULLOCK, A. B., Michigan, 1910; A. M., 1912. The financial aspects of highway construction. 1923. *Harvard*.
- CLYDE RAY CHAMBERS, A. B., Missouri, 1916; A. M., Minnesota, 1917. Farm land valuation. 1923. *Harvard*.
- JOHN HIGSON COVER, A. B., Columbia, 1916; A. M., 1919. The economics of advertising. 1923. *Columbia*.
- WALLACE M. CUNNINGHAM, A. B., Roanoke, 1902; A. M., Princeton, 1903. The automobile finance company. 1922. *Pennsylvania*.
- H. B. DORAU, A. B., Lawrence College, 1919; A. M., Wisconsin, 1920. The credit of public service corporations. 1923. *Wisconsin*.
- KENNETH DUNCAN, A. B., Wabash College, 1910; A. M., Wisconsin, 1915. Equipment trust obligations. 1923. *Michigan*.
- PAUL F. GEMMILL, A. B. Swarthmore, 1917. Promotions in industry. 1922. *Pennsylvania*.

- G. CASPER HAAS, B. S., Minnesota, 1921; A. M., 1922. Factor of safety in appraising land for purposes of loans. 1924. *Minnesota*.
- LUTHER A. HARR, B. S., Pennsylvania, 1918; A. M., 1920. Economic factors involved in the formulation of the corporate mortgage providing for the issue of bonds in series. 1923. *Pennsylvania*.
- JULIUS HENDEL, B. S., Cornell, 1921. The relation between the cash and future price of wheat. 1924. *Minnesota*.
- ALBERT CLAIRE HODGE, Ph. B., Chicago, 1914. The functional approach to accounting problems. 1922. *Chicago*.
- HENRY KELLER, B. S., Pennsylvania State College, 1920; M. S., Wisconsin, 1921. The development of farm accounting. *Wisconsin*.
- AUDIE J. LYNN, A. B., Indiana, 1917; A. M., Toledo, 1919. Accounting as related to farm administration. 1923. *Chicago*.
- ROBERT ROCKWOOD McCORMICK, A. B., College of Idaho, 1915; A. M., Columbia, 1921. The financial support of American private colleges. 1923. *Columbia*.
- NINA MILLER, A. B., Wisconsin, 1915; A. M., Columbia, 1918. Analysis of financial reports. 1923. *Columbia*.
- A. F. O'DONNELL, B. S., Massachusetts Institute of Technology, 1918. Financing of hydro-electric companies in California. 1923. *California*.
- FRANK PARKER, B. S., Pennsylvania, 1911. The cost of obtaining money to public utilities. 1923. *Pennsylvania*.
- W. E. PAULSON, Ph. B., Wisconsin, 1917. Method of selling cherries in Door County. 1924. *Wisconsin*.
- JOHN FREEMAN PYLE, Ph. B., Chicago, 1917; A. M., 1918. Commercial arbitration courts. 1923. *Chicago*.
- LLOYD LORENZE SHAULIS, A. B., Harvard, 1915; M. B. A., 1921. The Boston produce market. 1923. *Harvard*.
- JOHN MCKEE STRATTON, LL. B., Colorado, 1917. A comparative study of modern business organizations. 1923. *Columbia*.
- ROBERT EMMETT TAYLOR, A. B., Michigan, 1912; A. M., 1913; LL. B., St. Louis, 1917; LL. M., 1920. Municipal accounting. 1923. *Chicago*.
- NELSON CLARK TISDEL, A. B., Missouri, 1920. Capitalization. *Harvard*.
- WARREN C. WAITE, B. S., Minnesota, 1919; A. M., 1921. Organization of the Twin City Central Market. 1924. *Minnesota*.
- HSUAN WANG, A. B., Syracuse, 1919; A. M., 1920. Federal regulation of railroad securities. 1923. *Columbia*.
- KENNETH WALDIE WEBB, A. B., Haverford, 1918; A. M., Harvard, 1920. A study of the control of management of American business organization. *Harvard*.

Capital and Capitalistic Organization

- PEMBROKE HOLCOMB BROWN, A. B., Illinois, 1915; A. M., 1917. The expansion of a corporation through profits. 1923. *Illinois*.
- RICHARD H. LANSBURGH, B. S., Pennsylvania, 1915; A. M., 1916. Methods of industrial organization. 1923. *Pennsylvania*.
- WILLIAM HARVEY REEVES, A. B., Pennsylvania, 1916; A. M., 1919. Federal and state regulation of corporate business. 1923. *Columbia*.
- REXFORD G. TUGWELL, B. S., Pennsylvania, 1915; A. M., 1916. A definition of public utility—an interpretation of the doctrine of public interest in economics and law. 1922. *Pennsylvania*.

Labor and Labor Organizations

- ARTHUR EMILE ALBRECHT, A. B., College of the City of New York, 1916; A. M., George Washington, 1917. The history and organization of the International Seamen's Union of America. 1923. *Columbia*.
- JAMES R. BEVERLY, A. B., Texas, 1922. The study of the United States Railroad Labor Board. 1924. *Texas*.
- LUCY BRANHAM, A. B., Washington, 1911; A. M., Johns Hopkins, 1914. The history of labor and politics in New York. 1922. *Columbia*.
- ELIZABETH RHODES BUTLER, A. B., Vassar, 1918; A. M., Columbia, 1919. Labor struggle between journeymen and master under the guild system in England. 1923. *Columbia*.
- EWAN CLAGUE, A. B., Washington, 1917; A. M., 1921. The labor movement of Seattle and the state of Washington. 1924. *Wisconsin*.
- JESSE D. CLARKSON, A. B., Williams, 1918; A. M., Columbia, 1920. Labor and nationalism in Ireland. 1922. *Columbia*.
- EDWARD M. COHEN, A. B., College of the City of New York, 1918; A. M., Columbia, 1921. The Independent Labor Party. 1922. *Columbia*.
- MAURICE C. CROSS, A. B., Ohio State, 1915; A. M., 1920. Government control of labor disputes in railroads, public utilities, and coal mines. 1922. *Ohio State*.
- WHITNEY COOMES, A. B., Bowdoin, 1919; A. M., Columbia, 1921. The wages of unskilled labor since 1890. 1923. *Columbia*.
- HORACE BANCROFT DAVIS, A. B., Harvard, 1921. Conditions of building labor in the middle ages. 1923. *Columbia*.
- JEAN DAVIS, A. B., Bryn Mawr, 1914; A. M., Wisconsin, 1920. Collective bargaining in the men's ready made clothing industry. 1922. *Wisconsin*.
- WILLIAM G. ELIOT, 3rd, A. B., Reed College, 1919; A. M., Harvard, 1920. Restriction of output. 1923. *Harvard*.
- HERMAN FELDMAN, A. B., College of the City of New York, 1915; A. M., Columbia, 1917. Seasonal regularization of employment. 1922. *Columbia*.
- CARROLL E. FRENCH, A. B., Monmouth College, 1916. The shop committee in the United States. 1922. *Johns Hopkins*.
- AUGUSTA EMILIE GALSTER, A. B., Illinois, 1918; A. M., 1919. Women in the labor movement in Philadelphia. 1923. *Illinois*.
- ISIDOR GINSBURG, A. B., Columbia, 1918. The beginnings of the industrial unionist movement in twentieth century British Labor. 1923. *Columbia*.
- CHARLES ADAMS GULICK, JR., A. B., Texas, 1918; A. M., 1919. History of the labor policy of the United States Steel Corporation. 1923. *Columbia*.
- ALFRED P. HAAKE, A. B., Wisconsin, 1914; A. M., 1916. Wage measurement and the management of labor. 1922. *Wisconsin*.
- FRANCIS J. HAAS, A. M., Marquette University, 1919. Shop collective bargaining in the men's garment industry. 1922. *Catholic University*.
- ELMO PAUL HOHMAN, A. B., Illinois, 1916; A. M., 1917; A. M., Harvard, 1920. Marine labor organizations (seamen's unions). 1923. *Harvard*.
- CLOICE R. HOWD, A. B., McKinnville College, 1912; Labor background of the lumber industry of the northwest. 1922. *California*.
- CHARLES PADDOCK JOHNSON, A. B., Trinity, 1916; A. M., Princeton, 1917. Collective bargaining in the New York building trades. 1923. *Princeton*.
- CARL SMITH JOSLYN, A. B., Harvard, 1920. The prevention of unemployment. 1923. *Harvard*.

- SYLVIA BEATRICE KOPALD, A. B., Barnard, 1920; A. M., Columbia, 1921. The insurgent movement among the United Miners. 1923. *Columbia*.
- VINCENT WESLEY LANFEAR, A. B., Texas, 1917; A. M., 1919. Effect of the recent business cycle on the American labor movement. 1923. *Columbia*.
- ISADOR LUBIN, B. A., Clark, 1916. Wages in the railroad industry. *Michigan*.
- H. L. MCCracken, B. S., Penn College, 1914; B. S., Haverford College, 1915; A. M., Penn College, 1916. Labor theories of unemployment and the business cycle. 1922. *Wisconsin*.
- GEORGIANA PUTNAM McENTEE, A. B., College of Mt. Saint Vincent, 1912; A. M., Columbia, 1919. The labor problem and the social Catholic movement in Great Britain. 1923. *Columbia*.
- EARL JOYCE MILLER, A. B., Simpson, 1916; A. M., Illinois, 1921. Shop committee systems in industry. 1922. *Illinois*.
- ROLAND McLEOD MILLER. Labor legislation and its administration in California since 1908. 1924. *California*.
- EDWARD W. MOREHOUSE, A. B., Amherst, 1918; A. M., Wisconsin. Working rules of the clothing industry. 1924. *Wisconsin*.
- VICTOR PIERPONT MORRIS, A. B., Oregon, 1915; A. M., 1920. Oregon Minimum Wage law. 1923. *Columbia*.
- MICHAEL A. MULCAIRE, A. B., Notre Dame, 1917. The International Brotherhood of Electrical Workers. 1923. *Catholic University*.
- HAZEL GRANT ORMSHEE, A. B., Cornell, 1915. The juvenile labor exchange, in the United States and England, with a statistical analysis of records in the Philadelphia Bureau of Compulsory Education. 1923. *Bryn Mawr*.
- JACOB PERLMAN. Industrial government on American railways. *Wisconsin*.
- STUART A. RICE, A. B., Washington, 1912; A. M., 1915. The influence of class mores upon the possibilities of labor-agrarian politics in America. 1922. *Columbia*.
- ALFRED RIVE, A. B., University of British Columbia, 1921. History of labor in British Columbia. 1924. *California*.
- NATHAN SCHAVIRO, A. B., Chicago, 1914. The effect of unemployment on the policies of labor organizations. 1923. *Columbia*.
- H. H. SMITH, A. B., Iowa, 1909; A. M., Washington University, 1915. History of the Western Federation of Miners. *Wisconsin*.
- WILLIAM FRANKLIN SPAFFORD, A. B., Rochester, 1915; A. M., Columbia, 1922. Development of the government's policy toward railroad labor. 1923. *Columbia*.
- MARVEL M. STOCKWELL, A. B., Cornell College, 1920. History of United States Department of Labor. 1923. *California*.
- EARL D. STRONG, A. B., Grinnell, 1909; A. M., Wisconsin, 1912. Joint organization in men's clothing industry. 1922. *Columbia*.
- PAUL S. TAYLOR, A. B., Wisconsin, 1917; A. M., California, 1920. The seamen of the Pacific. 1922. *California*.
- JENNIE M. TURNER, Ph. B., Chicago, 1908; Ph. M., Wisconsin, 1913. The right to organize. 1922. *Wisconsin*.
- RENÉ E. G. VAILLANT, Bachelier ès Lettres, Lille, 1908; LL. B., LL. M., 1910-1911. Unemployment in France. 1923. *Columbia*.
- FREDERICK CORTLAND WAGNER, S. B., Columbia, 1914; A. M., 1916. Incorporation of unions. 1923. *Chicago*.
- DAVID A. WEISS, A. B., Wisconsin, 1919; A. M., Wisconsin, 1920. The principles of industrial arbitration. 1923. *California*.

- SIDNEY W. WILCOX, B. L., Pacific School of Religion, 1905; S. T. B., 1910. History of labor in Nevada. 1923. *California*.
- ALFRED H. WILLIAMS, B. S., Pennsylvania, 1915; A. M., 1916. Collective bargaining in the Philadelphia carpet industry. 1923. *Pennsylvania*.
- V. J. WYCKOFF, A. B., Johns Hopkins, 1920. Wage policies of labor organizations in periods of industrial depression. 1923. *Johns Hopkins*.
- GRACE E. ZORBAUGH, A. B., Western Reserve, 1898; A. M., Wisconsin, 1921. Labor policy of financial interests. 1923. *Wisconsin*.

Money, Prices, Credit, and Banking

- JAMES W. ANGELL, A. B., Harvard, 1918; A. M., 1921. International price levels. 1923. *Harvard*.
- CHARLES E. ARTMAN, A. M., Columbia, 1918. Gold movements in relation to foreign credit during the Great War. 1923. *Columbia*.
- THOMAS ANDREW BEAL, A. B., University of Utah, 1906; A. M., Columbia, 1910. The importance of trade and bankers' acceptances in business. 1923. *Columbia*.
- HAGGOTT BECKHART, A. B., Princeton, 1919; A. M., Columbia, 1920. The discount policy of the federal reserve system. 1923. *Columbia*.
- S. R. BLACK, A. B., Colby, 1921. Savings banks in the United States. 1924. *Johns Hopkins*.
- JOHN ROSS BURNS BYERS, B. S., Pittsburgh, 1918; M. S., Columbia, 1920. Banking practice. 1923. *Columbia*.
- J. RAY CABLE, A. B., Missouri, 1913; A. M., Chicago, 1917. The bank of Missouri. 1923. *Columbia*.
- LINO JUAN CASTILLEJO, A. B., George Washington University, 1916; A. M., 1920. Philippine currency during the Spanish régime. 1923. *Princeton*.
- JOHN MARTIN CHAPMAN, A. B., Indiana, 1917; A. M., Columbia, 1920. Exercise of the fiscal functions of federal reserve banks. 1923. *Columbia*.
- J. B. DENNISON, B. S., Lenox College, 1912; A. M., Wisconsin, 1915. Land and credit. 1923. *Wisconsin*.
- G. H. EVANS, JR., A. B., Johns Hopkins, 1920. Federal reserve notes. 1923. *Johns Hopkins*.
- ADELBERT ANTON FRIEDRICH, A. B., Beloit, 1917. Currency elasticity under the federal reserve system. 1923. *Chicago*.
- BARTOW GRIFFISS, A. B., Johns Hopkins, 1920. Call money rates on the New York money market. 1923. *Johns Hopkins*.
- SEYMOUR E. HARRIS, A. B., Harvard, 1920. A history of the English currency notes (Bradburies). 1923. *Princeton*.
- RUTH JAEGER, A. B., Radcliffe, 1920; A. M., 1921. Stabilization of the foreign exchanges. 1922. *Columbia*.
- CLARENCE A. KULP, B. S., Pennsylvania, 1917; A. M., 1921. The discounting function of organized security markets. 1923. *Pennsylvania*.
- ROBERT G. MERRICK, A. B., Johns Hopkins, 1917. The place of the commercial credit company in modern finance. 1922. *Johns Hopkins*.
- HARRY E. MILLER, A. B., Boston University, 1919; A. M.; Harvard, 1920. History of banking theory in the United States before the Civil War. 1923. *Harvard*.
- WALDO F. MITCHELL, A. B., Indiana State Normal, 1912; A. M., Wisconsin, 1918. Bank loans under the federal reserve system. 1922. *Chicago*.

- JOHN DEVASAHAYAM SAVARIROYAN PAUL, A. B., University of Madras, 1916; A. M., Yale, 1921. The gold exchange standard, 1837-1914. 1923. *Yale*.
- F. A. PEARSON, B. S., Cornell, 1912. Agricultural prices. 1922. *Cornell*.
- HENRY SCHENCK, A. B., Harvard, 1903; A. M., Columbia, 1919. Dollar exchange. 1922. *Columbia*.
- WALTER E. SPAHR, A. B., Earlham, 1914; A. M., Wisconsin, 1917. Clearings and collection of checks in the United States. 1923. *Columbia*.
- EARLE SYLVESTER SPARKS, A. B., Texas, 1919; A. M., 1920. Agricultural credit. *Harvard*.
- LELAND SPENCER, B. S., Cornell, 1918. Use of store credit by farmers. 1923. *Cornell*.
- WEN KAI TANG, A. B., Carleton, 1919; A. M., Chicago, 1920. Banking concentration in the United States. 1923. *Columbia*.
- CHARLES SANFORD TIPPETTS, Litt. B., Princeton, 1916. State banks and the federal reserve system. 1923. *Princeton*.
- ALVIN SAMUEL TOSTLEBE, A. B., Iowa State Teachers College, 1916; A. M., Columbia, 1920. The bank of North Dakota; and experiment in agrarian banking. 1923. *Columbia*.
- JOHN PARKE YOUNG, A. B., Occidental College, 1917; A. M., Columbia, 1919; A. M., Princeton, 1920. Central American currency and finance. 1922. *Princeton*.

Public Finance, Taxation, and Tariff

- A. J. ALTMAYER, A. B., Wisconsin, 1914; A. M., 1920. Recent applications of the theory of special assessments. 1923. *Wisconsin*.
- RAY C. ATKINSON, A. B., Western Reserve, 1917. One per cent tax law in Ohio. 1923. *Columbia*.
- E. C. BANCROFT, A. B., Acadia, 1914; A. B., Yale, 1915. The financial history of Connecticut since 1861. 1923. *Yale*.
- ANDRIES JOHANNES BRUYÈRE, A. B., Victoria College, 1915; A. M., Harvard, 1921. Protection in South Africa. 1922. *Pennsylvania*.
- F. F. BURCHETT, A. B., North Dakota, 1920. Incidence of excess profit tax. 1923. *California*.
- ALBERT SAMUEL KEISTER, A. B., Otterbein, 1910; A. M., Columbia, 1911. High school text in finance. 1923. *Chicago*.
- MICHEL HENDRICH DE KOCK, A. B., Cape of Good Hope, 1915; A. M., Harvard, 1921. The finances of South Africa, 1910-1920. 1922. *Harvard*.
- CHUAN SHIH LI, A. B., Beloit, 1920; A. M., Chicago, 1921. Fiscal relations between the central, the provincial, and the local governments in China. 1922. *Columbia*.
- TING MIEN LIU, A. B., Michigan, 1920; A. M., Ohio Wesleyan, 1921. A comparative study of the tariff systems of the Powers. 1923. *Columbia*.
- CHUNJIEN PAO, A. B., Pekin, 1919; A. M., Columbia, 1921. The business tax. 1923. *Columbia*.
- HARVEY WHITEFIELD PECK, A. M., Yale, 1907; Ph. D., 1913. Contemporary fiscal theories. 1922. *Columbia*.

Population and Migration

- GLADDEN WHETSTONE BAKER, A. B., Washburn College, 1916; A. M., Yale, 1920. Race and nativity as factors in the mortality of New York state and Pennsylvania. 1922. *Yale*.

- NYOK ZOE DONG, A. B., Smith College, 1920. The Chinese families of Philadelphia. 1924. *Bryn Mawr*.
- MARCUS LEE HANSEN, A. B., Iowa, 1916; A. M., 1917. The problem and distribution of immigration, 1820-1860. 1922. *Harvard*.
- GEORGE E. HARTMANN, A. B., Cincinnati, 1917. Race consciousness: a function of race prejudice, with particular reference to the American negro. 1923. *Chicago*.
- VIVIEN KELLEMS, A. B., University of Oregon, 1918; A. M., 1921. Social control of population. 1923. *Columbia*.
- CLEMENS NIEMI, A. B., Minnesota, 1915; A. M., Chicago, 1919. The Finish element in the American population. 1922. *Chicago*.
- CHARLES WOOTEN PPKIN, A. B., Henderson-Brown, 1918; A. M., Vanderbilt, 1919. The social history of the negro in Arkansas and Tennessee, with a suggested program for the social policy of the future. 1922. *Harvard*.
- EDWARD G. PUNKÉ, B. S., Hastings, 1916. The effects of industrial depressions on marriage and birth rates. 1922. *Pennsylvania*.
- JOHANN THORSTEN SELLIN, A. B., Augustana, 1915; A. M., Pennsylvania, 1916. Marriage and divorce legislation in Sweden. 1922. *Pennsylvania*.
- B. M. STEWART, B. M., A. M., Queen's, 1911. Immigration and settlement in Canada before confederation. 1922. *Columbia*.
- SHUCHIO SUGIYAMA, A. B., Waseda, 1919; A. M., Valparaiso, 1920; A. M., 1921. The Japanese in California. 1923. *Indiana*.
- W. R. TYLOR, A. B., Swarthmore, 1911; A. M., Wisconsin, 1916. The natural increase of contemporary populations. 1923. *Wisconsin*.

Social Problems and Reforms

- GORDON WILLARD ALLPORT, A. B., A. M., Harvard. An experimental study of the traits of personality with applications to the problem of social diagnosis. 1922. *Harvard*.
- RAY E. BABER, A. B., Campbell College, 1913; A. M., Wisconsin, 1920. Changes in the size of American families. 1923. *Wisconsin*.
- ELIZABETH FAULKNER BAKER, B. L., California, 1914; A. M., Columbia, 1920. Protective legislation for women in the state of New York. 1923. *Columbia*.
- JOSEPH D. DECKER, A. B., Routt College, 1920; A. M., Catholic University. The problem child in the home and schools of Washington, D. C. 1923. *Catholic University*.
- MARTIN HAYES BICKHAM, A. B., Pennsylvania, 1908; A. M., Chicago, 1917. The social evolution of democracy. 1922. *Chicago*.
- LOYD E. BLAUCH, A. B., Goshen, 1916; A. M., Chicago, 1917. History of federal legislation for industrial education. 1923. *Chicago*.
- VIVA BELLE BOOTHE, A. B., Texas, 1918; A. M., Pennsylvania, 1920. The political party—a social process. 1923. *Pennsylvania*.
- EMERSON O. BRADSHAW, Ph. B., Chicago, 1910; A. M., 1911. Social forces affecting the life of the industrial community. 1922. *Chicago*.
- BEULAH BELLE BRILEY, B. S., Iowa State, 1917; M. S., 1918; A. M., Iowa, 1920. The economic efficiency of the single family as a household unit. 1922. *Iowa*.
- ALICE S. CHEYNEY, A. B., Vassar, 1909. A definition of social work. 1922. *Pennsylvania*.
- WILLIAM FISHER BYRON, B. S., Pennsylvania, 1914. Case studies of juvenile delinquents with institutional experience. 1923. *Chicago*.

- HARMON O. DEGRAFF, B. DI., Iowa State Teachers College, 1908; A. B., Iowa, 1916; A. M., 1918. Juvenile delinquency in Iowa. 1922. *Iowa*.
- CYPRIAN EMANUEL. The social work of Saint Vincent de Paul. 1922. *Catholic University*.
- LOUIS J. FRIES. Truancy in the parochial schools of Washington, D. C. 1923. *Catholic University*.
- WARNER E. GETTYS, A. B., Hiram, 1914; A. M., Ohio State, 1916. The Malabites: a study of degenerates. 1922. *Ohio State*.
- H. B. HAWTHORN, B. S., Iowa State, 1914; M. S., 1915. The comparative psychic efficiency of rural social groups. 1923. *Wisconsin*.
- NORMAN SYLVESTER HAYNER, A. B., Washington, 1920; A. M., Chicago, 1921. The hotel population of Chicago: an aspect of the housing problem. 1923. *Chicago*.
- MAURICE BECK HEXTER, A. B., Cincinnati, 1912. Community organization. 1923. *Harvard*.
- MARGARET HOJGEN, B. L., California, 1913. Workers' education in history and theory. 1922. *California*.
- ELIZABETH PINNEY HUNT, A. B., Bryn Mawr, 1912; A. M., 1920. Infant and maternity care in relation to the state. 1924. *Bryn Mawr*.
- HELEN RANKIN JETER, A. B., California, 1917; A. M., Chicago, 1920. The Chicago Juvenile Court. 1922. *Chicago*.
- WILLIAM HENRY JONES, A. B., Washburn, 1918; A. M., Chicago, 1919; D. B., Chicago Theological Seminary, 1921. Negro vice in the city of Chicago. 1923. *Chicago*.
- RUSSELL R. KLETZING, A. B., Northwestern, 1914. The place of the Church in growth of the functional idea of economic distribution. 1924. *Chicago*.
- OSWALD ROTHBAY LAVERS, A. B., Queen's, 1913; A. M., Chicago, 1920. The social significance of housing. 1923. *Chicago*.
- ERNEST RUSSELL MOWRE, A. B., Kansas, 1918; A. M., Chicago, 1921. Family disorganization. 1923. *Chicago*.
- S. HOWARD PATTERSON, B. S., Pennsylvania, 1914; A. M., 1916. Family desertion and non-support—a study of court cases in Philadelphia from 1916 to 1920. 1922. *Pennsylvania*.
- CLIFFORD RAY SHAW, A. B., Adrian, 1919. Juvenile delinquency. 1924. *Chicago*.
- ERNEST HUGH SHIDELER, A. B., Ottawa, 1915; A. M., Chicago, 1917. Social heredity. 1923. *Chicago*.
- AMY EATON WATSON, A. B., Brown, 1907; A. M., Pennsylvania, 1910. Social treatment of illegitimate mothers. 1922. *Bryn Mawr*.
- FRANCIS M. WETHERILL, A. B., Pennsylvania, 1906; A. M., 1911. Self-government in penal institutions. 1923. *Pennsylvania*.
- DONALD R. YOUNG, A. B., Lafayette, 1919; A. M., Pennsylvania, 1920. Motion pictures—a study in social legislation. 1923. *Pennsylvania*.
- ERLE FISKE YOUNG, Ph. B., Chicago, 1917; A. M., 1920. Race prejudice. 1922. *Chicago*.

Insurance and Pensions

- OLGA HALSEY, A. B., Wellesley, 1912; A. M., 1916. Unemployment insurance. 1923. *Wisconsin*.
- HARRY J. LOMAN, B. S., Pennsylvania, 1919. Credit insurance. 1923. *Pennsylvania*.
- EDWARD L. MCKENNA, A. B., Columbia, 1913; A. M., Illinois, 1914. Title insurance. 1923. *Pennsylvania*.

Pauperism, Charities, and Relief Measures

RALPH P. HOLBEN, A. B., Franklin and Marshall, 1913. Poverty in its relation to education. 1922. *Pennsylvania*.

SAMUEL CALEB RATCLIFFE, A. B., Mount Allison, 1909; A. M., D. B., Alberta, 1918. The historical development of poor-relief legislation in Illinois. 1922. *Chicago*.

Socialism and Co-operative Enterprises

SAMUEL BERNSTEIN, A. B., College of the City of New York, 1919; A. M., Columbia, 1920. The origins of the guild socialist movement in England. 1922. *Columbia*.

PAUL L. MILLER, A. B., Hiram College, 1913; A. M., Michigan, 1915. The principles of coöperation with special reference to agriculture. 1923. *Minnesota*.

Statistics and Its Methods

FRANK CLYDE BAKER, A. B., Oberlin, 1886; B. D., Yale, 1890; LL. B., New York University, 1900; LL. M., 1907. A statistical study of the local distribution of voting on constitutional amendments by the population of New York City. 1922. *Columbia*.

EDGAR PAUL HERMAN, A. B., Illinois, 1913. Business statistics. 1923. *Chicago*.

JOHN RANDOLPH RIGGLEMAN, A. B., Cornell College, 1918; M. B. A., Harvard, 1920. Graphic methods in the analysis and presentation of business statistics. 1923. *Harvard*.

FRANK ALEXANDER ROSS, Ph. B., Yale, 1908; A. M., Columbia, 1913. Illiteracy and school attendance; a statistical analysis. 1922. *Columbia*.

NOTES

The Executive Committee has voted to hold the annual meeting of the American Economic Association next December in Chicago.

The following names have been added to the membership of the **AMERICAN ECONOMIC ASSOCIATION** since the first of February:

Aburagi, H., No. 6 Zoshigawa, Koishikawa, Tokyo, Japan.
 Barnes, H. E., Clark University, Worcester, Mass.
 Butterbaugh, W. E., Syracuse University, Syracuse, N. Y.
 Case, H. C. M., 433 W. Gilman St., Madison, Wis.
 Chase, W. D., Plantsville, Conn.
 Chen, P. C., 336 John St., Ann Arbor, Mich.
 Clay, C. M., Yale Club, Vanderbilt & 44th St., New York City.
 Cleveland, W. C., 1470 Emerson St., Beloit, Wis.
 Collier, G. W., Sycamore, Ill.
 Collins, S. D., Public Health Service, Washington, D. C.
 Crampton, H., 3137 N. Ridgeway Ave., Chicago, Ill.
 Dodd, D. L., 349 W. 121st St., New York City.
 Donnan, E., Wellesley College, Wellesley, Mass.
 Dreyfus, E. D., 807 West Penn Bldg., Pittsburg, Pa.
 Eisner, M., 17 East 42d St., New York City.
 Engel, E., Woolworth Bldg., New York City.
 Epstein, R. C., Northwestern University, Evanston, Ill.
 Fining, J. N., 1001 Arcade Bldg., St. Louis, Mo.
 Gillman, J. M., University of Pittsburgh, Pittsburgh, Pa.
 Ginko, C. K., c-o Osaka Higher Commercial School, Osaka, Japan.
 Gottlieb, I. R., 116 West 126th St., New York City.
 Griffith, A. O., 305 Commerce Bldg., Champaign, Ill.
 Guyot, Y., 95 Rue de Seine, Paris, France.
 Guest, H. W., 106 E. Chalmers St., Champaign, Ill.
 Halfant, D. M., 804 W. Illinois St., Urbana, Ill.
 Ham, F. L., La Salle Extension University, Chicago, Ill.
 Hasek, Professor Carl W., Box 560, State College, Pa.
 Helming, O. C., 715 East Third St., Northfield, Minn.
 Hess, E., 1247½ Kentucky St., Lawrence, Kans.
 Holden, O. F., 301 W. Magnolia St., Austin, Tex.
 Horner, J. T., East Lansing, Mich.
 Johnson, M. C., 2151 Sherman Ave., Evanston, Ill.
 Karselen, F. E., Jr., 35 West 96th St., New York City.
 Kilborn, R. D., Hanover, N. H.
 Kono, H., Meiji University, Kanda, Tokyo, Japan.
 Law, W. W., Jr., State Tax Commission, Albany, N. Y.
 Mathewson, P., The Business Bourse, 347 Fifth Ave., New York City.
 Matsudaira, Y., Yanagi, Kami-Megaro-Mura, Ebara-Gun, Tokyo-Fu, Japan.
 Mitroff, V., 68a Lincoln Inn Fields, Kingsway, W. C. 2, London.
 Moorhouse, L. A., State Agricultural College, Fort Collins, Colo.
 Morrow, C. H., 12 Pleasant St., Waterville, Me.
 Morse, C. K., Curtis, Neb.
 Myers, W. R., University of Minnesota, Minneapolis, Minn.
 Nelson, R. W., 824 E. College, Iowa City, Ia.
 Odegard, S. L., 726 E. Gorham St., Madison, Wis.
 Ostrolenk, B., Farm School, Pa.
 Pantaléoni, M., 4 Via Giulia, Rome, Italy.
 Plowman, E. G., 99 Garden St., Cambridge, Mass.
 Rai, A., The Tilak School of Politics, Lahore, India.
 Rederscheid, W., 2390 Creston Ave., New York City.
 Reed, E. F., Miami University, Oxford, Ohio.
 Reynolds, D. M., First National Bank, Los Angeles, Calif.
 Rubins, M., 219 Groveland Ave., Minneapolis, Minn.
 Rufener, L. A., West Virginia University, Morgantown, W. Va.
 Russell, W. A., University of Washington, Seattle, Wash.
 Santo, H., 157 University Sta., Urbana, Ill.
 Shaffer, H., 97 Carew Bldg., Cincinnati, Ohio.

Shelton, H. G., Fisk University, Nashville, Tenn.
Shenehon, E. N., 1413 Mass. Ave., N. W., Washington, D. C.
Simons, H. C., Jr., University of Iowa, Iowa City, Ia.
Simonds, A. T., 470 Main St., Fitchburg, Mass.
Starbuck, W. D. L., 2 Rector St., New York City.
Thorne, H. W., 536 Roscoe St., Chicago, Ill.
Vernam, C. C., 79 Seventh Ave., New York City.
Watson, F. D., Haverford, Pa.
Weidler, W. C., Ohio State University, Columbus, O.
Wieser, F., XIX|4 Sandgasse 13, Vienna, Austria.
Williams, D. O., Victoria University College, Wellington, N. Zealand.
Willock, H. A., 54th St., Pittsburgh, Pa.
Wolff, L. S., 12 East 70th St., New York City.
Wood, D. R., Victoria University College, Wellington, N. Zealand.
Zorbaugh, G. S. M., 206 N. Murray St., Madison, Wis.

The monograph by the late Professor H. C. Adams, "Relation of the State to Industrial Action," published in 1886 by the American Economic Association, First Series, Vol. I, No. 6, has long been out of print. Its reprinting has been suggested, and the executive committee of the Association will be glad to authorize this if there be a sufficient demand. Any reader of this note, therefore, who may wish to purchase a copy is invited to notify Professor Ray B. Westerfield, Secretary of the Association, Yale University, New Haven, Connecticut.

At the fifteenth annual meeting of the Mississippi Valley Historical Association, held at Iowa City, May 11-12, a paper was read on "The Real Estate Bank of Arkansas in 1836," by Dallas H. Herndon of the Dallas Historical Commission.

The Pollak Foundation for Economic Research (William T. Foster, Director, Newton, Mass.) has announced prizes for essays submitted in 1921 as follows: first prize of \$1,000, William A. Berridge, of Harvard University, "Unemployment and the business cycle"; first prize of \$500 for the best essay by a high school student, Edgar H. Ailes, Northern High School, Detroit, Michigan, "The advantages and defects of compulsory adjudication of industrial disputes"; second prize of \$250 for the best essay by a college student, Bernard H. Haggin, of the College of the City of New York, "Causes of unemployment and remedies." In all, 209 essays were received. The study of "Unemployment and the business cycle," by Mr. Berridge, will be published by the Pollak Foundation. No prizes are offered in 1922.

The Academy of Political Science in the City of New York devoted its semi-annual meeting, April 28, to the subject of railroads and business prosperity.

The Joint Census Advisory Committee of the American Statistical and the American Economic Associations has printed its *Third Report of Progress* under date of December, 1921 (pp. 19). This also appears in the *Journal of the American Statistical Association*, March, 1922, page 82.

Announcement has been made of the formation of a Financial Library Association to be located in Cambridge. The title to the library is to be vested in a board of five trustees. It is planned to issue 200 shares in this association. The cost of each share will be \$500. It is expected that com-

mercial and savings banks, investment banking partnerships, stock exchange houses, insurance companies, educational institutions and others having an interest in financial matters will become members. The library will be administered by the board of trustees, of whom one will be Dean of the Harvard Graduate School of Business Administration, and the other four will be elected by the shareholders of the association. There are already available for acquisition several private collections of material essential for the foundation of a financial library. One collection contains a file of financial documents on over 100,000 corporations.

Plans are under way for the further development of the Babson Institute at Wellesley Hills, Mass. The extension is being conducted by a board of trustees of which Mr. George W. Coleman is chairman. A 220 acre plot has been purchased and five buildings are in process of construction, among which may be noted an auditorium to hold 1800, where trade associates and engineering societies may hold meetings; a building for economics; a building for research work, which will contain an economic library; a building to be used as a dormitory; and a fifth building to be used as a business office. For the economic library, a large European library has been purchased. State buildings are contemplated, where products of different sections of the country are to be exhibited. Donations for this purpose have already been made. The Institute will serve as a conference ground for agencies engaged in production and direct distribution, and the architect's plans call for two campuses, one for production and one for distribution. The Institute has a paid-in endowment of \$250,000, which Mr. Babson expects will shortly be increased to \$1,000,000. The enterprise is a non-profit-making one, all surplus receipts being turned into this educational work.

Dr. Frederick L. Hoffman, formerly of the Prudential Insurance Company, has joined the staff of the Babson Institute, and will have charge of the department of research, including library facilities.

A National Council for the Social Studies completed its organization in Chicago on February 25. Its purpose is to lay the foundations for training democratic citizens through an adequately supported system of teaching in the elementary and secondary schools. An advisory board was set up composed of representatives of (1) the five associations of scholars most nearly related to the purpose of the National Council—historians, economists, political scientists, sociologists, and geographers; (2) the national organizations of educational investigators and administrators—elementary and high school principals, teachers of education, normal school principals, and superintendents; and (3) regional associations of teachers of history and civics. The function of this advisory board is to bring into the National Council the points of view of the organizations represented by its members and to insure a development of the social studies which will be in harmony with the best educational thought as well as based on the best present practice.

The following officers were elected for the year 1922-1923: L. S. Marshall, professor of economics in the University of Chicago, President; Henry Johnson, professor of history in Teachers College, Vice-President;

Edgar Dawson, professor of government in Hunter College, Secretary-Treasurer; E. U. Rugg, Lincoln School, New York, Assistant Secretary.

Persons who are interested in the wholesome development of the social studies, whether teachers or others, and if teachers, whether teachers of the social subjects or of some other subject, are urged to communicate at the earliest convenient moment with the secretary of the National Council, Edgar Dawson, 671 Park Avenue, New York City.

A statement concerning the Food Research Institute of Stanford University, referred to in the *AMERICAN ECONOMIC REVIEW*, March, 1922, page 204, has been printed, and copies can be obtained from the Institute upon application.

The American Association of Social Workers is publishing a bulletin entitled, *The Compass* (130 East 22nd St., New York City). This association is a professional organization of social workers. The December, 1921, issue of *The Compass* contains proposals made to establish standards in social work.

The New York School of Social Work will hold a summer session, June 29-August 10 (105 East 22 St., New York City).

The National Bureau of Economic Research (175 Ninth Ave., New York City) announces that it has in preparation a report on *Distribution of Income by States*. At the request of Secretary Hoover, the bureau is also conducting a statistical study of unemployment. This forms the first part of the bureau's projected study of business cycles.

Goucher College, Baltimore, is developing a plan whereby the students in the elementary course in economics will be brought into direct contact with the modern methods of production in factories. Stores are to be asked to aid in the use of their plants as practical aids to class discussions of the theories of the distribution of commodities.

The department of economics and sociology, Ohio State University, has been divided into five distinct departments with separate heads: Accounting, Professor George W. Eckelberry; Business Organization, Professor Clyde O. Ruggles; Economic and Social Geography, Professor Clifford C. Huntington; Economics, Professor Matthew B. Hammond; Sociology, Professor James E. Hagerty.

On May 1 the headquarters of the Division of Analysis and Research of the Federal Reserve Board were transferred from New York to Washington, D. C. Dr. H. Parker Willis has tendered his resignation as director of the division, effective July 1, and Dr. W. H. Steiner has been designated acting chief. Dr. Willis has been appointed consulting economist by the Board. Mr. H. W. Van Pelt has been designated assistant chief and will supervise the foreign work of the division. In this work he is assisted by several research assistants, each of whom devotes attention to a special group of countries. These include Mr. Robert B. Warren, formerly associate editor of the *American City Magazine*; Mr. G. B. Sherwell, formerly assistant manager of the foreign department of the Battery Park National Bank of New York; Mr. M. Nadler; and Miss Ruth Peterson. The work on

domestic business conditions will be under the supervision of Mr. L. B. Mann. The work of the division will thus continue along substantially the same lines as heretofore, principal consideration being given to the perfection of the regular services in each of these two fields, while special studies on topics of interest will be made from time to time as deemed desirable.

For some time the League of Nations has been interested in the problem of international public finance and especially in the very controversial question of double-taxation. The International Chamber of Commerce held a meeting in London in June, 1921, to consider the question. Since then several additional meetings have been held. At the last meeting on March 1, 1922, in Paris, the seat of the international headquarters, the committee on double-taxation of the International Chamber of Commerce requested the finance committee of the League of Nations to take up the matter and to consider the advisability of calling an international conference or series of interstate conferences. The committee further reported that it was inviting the national committees of fifteen countries of the International Chamber of Commerce to submit concrete plans.

In the meantime, the finance committee of the League of Nations had already decided to take up the matter and resolved to submit the entire question to a committee of four experts. The experts chosen were Sir Josiah Stamp, to represent England; Professor and Senator Luigi Einaudi, to represent Italy; Dr. G. W. J. Bruins, of the Rotterdam University of Commerce, and one of the five economic experts at the Brussels conference in 1920, to represent the Netherlands; and Professor Edwin R. A. Seligman, of Columbia, to represent the United States. The terms of reference to the committee are as follows:

(1) What are the economic consequences of double-taxation from the point of view: (a) of the equitable distribution of burdens; (b) of interference with economic intercourse and with the free flow of capital. To what extent are these consequences similar in the different types of cases commonly described as double-taxation.

(2) Whether any general principles can be formulated as the basis for an international convention to remove the evil consequences of double taxation, or whether conventions should be made between particular countries, limited to their own immediate acquirements; and, in the latter alternative, whether such particular conventions can be so framed as to be capable ultimately of being embodied in a general convention.

(3) How far the principles of existing arrangements for avoiding double-taxation, whether between independent nations (*e. g.*, the Rome Convention) or between the component portions of a federal state, are capable of application to new international conventions.

(4) Whether or to what extent a remedy can be found in an amendment of the taxation system of each individual country, independently of any international agreement.

(5) To what extent the Conventions on the subject of double-taxation should establish an international control to prevent fraudulent claims.

The so-called committee of experts has begun its work and there has already been a considerable interchange of material and correspondence. It is hoped that a report may be made in the course of the year.

E. R. A. S.

The *Journal of Political Economy* for February, 1922, contains an article on "The psychology course in business education," by Professor Z. Clark Dickinson, of the University of Minnesota; also material for a "Program for psychology in a college of commerce and administration," signed by F. Richardson-Robinson, F. A. Kingsbury, and E. S. Robinson, of the University of Chicago. The same issue contains the report of the Commission of the Association of Collegiate Schools of business on "Social studies in secondary schools." This has also been printed in book form (Univ. of Chicago Press, 1922, pp. 117). The latter contains a bibliography of nearly 50 pages.

The *Journal of Applied Sociology* for December, 1921 (Los Angeles) contains an article on "Problems in teaching sociology," by Professor Emory Bogardus.

The University of California Press has issued a pamphlet of a series of descriptive articles of more than fifty libraries, including private, public, technical, business, scientific, religious and other types, edited by R. L. Power, associate professor of economics at the University of Southern California (3474 University Ave., Los Angeles, price \$1).

In *Education* for November, 1921, is an article, "Beginnings of the Commercial School," by C. G. Reigner. This is an historical sketch of commercial schools in the United States.

The Bureau of Business Research, Northwestern University School of Commerce, will soon issue, through Prentice-Hall, Inc., New York City, a volume on *Selling Expense and Expense Ratios in the Retail Distribution of Clothing*. This study is of the same general type as are the six volumes on the analysis of "Costs, Merchandising Practices, Advertising and Sales in the Retail Distribution of Clothing."

The office of the Commissariato Generale dell' Emigrazione, Rome, has printed a pamphlet, *In Memoria di Luigi Bodio*, containing at the end a bibliography of his writings (pp. 20).

Wirtschaft und Statistik is the title of a new periodical issued quarterly by Der Statistische Reichsamt, Berlin.

The *Economic Journal* (London) notes that "under the direction of his widow, a collection of the minor writings of Gustav von Schmoller, the noted economist and parliamentarian, has been published under the title "Zwanzig Jahre Deutscher Politik, 1897-1917," (Munich, Duncker und Humblot, 1921, pp. vi, 206)."

Librairie Garnier Frères, 6 Rue des Saints-Pères, Paris, announces the publication of a social information series, under the editorship of Professor M. C. Bouglé, professor of economic history at the Sorbonne.

Appointments and Resignations

Professor John D. Black, of the University of Minnesota, has been granted leave of absence until July. He is associated with Dr. H. C. Taylor in the United States Department of Agriculture.

Dr. Roy G. Blakey, of the University of Minnesota, will spend his sabbatical year, 1922-1923, in Europe.

Mr. Henry Clay, Fellow of New College, Oxford, has been appointed Stanley Jevons professor of political economy and Cobden lecturer in the University of Manchester.

Professor Z. Clark Dickinson, of the School of Business of the University of Minnesota, will give courses in economic theory at the summer session of the University of Pennsylvania.

Dr. Clyde Olin Fisher, for the past two years associate professor of economics in Wesleyan University, has been appointed to a full professorship in that institution.

Mr. Elisha M. Friedman, is now associated with the Overseas Securities Corporation, 14 Wall Street, as Vice-President, for which he sailed on May 6 on a business trip to Central and Western Europe.

Professor N. S. B. Gras, of the School of Business, University of Minnesota, will conduct courses in economic history at the University of California this summer.

Dr. L. C. Gray, economist in charge of land economics, United States Department of Agriculture, is a delegate representing the United States at the general assembly of the International Institute of Agriculture, convening May 8 at Rome. Dr. Gray will spend the summer studying land problems and land policies in various countries of Europe.

Mr. Harry G. Guthmann has been given the rank of assistant professor of finance and insurance in the College of Business Administration at Syracuse University.

Professor M. B. Hammond, of Ohio State University, is to give courses in economics at Columbia University during the present summer term.

Mr. Chu Hsiao, an instructor during this academic year in the department of economics at the University of Missouri, will continue his graduate study at Harvard University next year.

Professor Emily J. Hutchinson, of the department of economics, Barnard College, Columbia University, has returned after a year's leave of absence spent in Europe in study of the recent developments in the labor movement and the woman's movement.

Mr. Walter T. Layton has been appointed editor of the *Economist*.

Professor James Mavor has been granted leave of absence in 1922-1923 from the University of Toronto, and will retire as head of the department of political science at the end of that time.

Professor Wesley C. Mitchell has been appointed to a permanent professorship at Columbia University, where he will devote himself primarily to business cycles and to the history of modern economic theory.

Dr. Bruce D. Mudgett, professor of statistics at the University of Minnesota, will give work in his field at the Columbia University summer session.

Professor H. R. Mussey has been appointed professor of economics at Wellesley, and began work there the second half-year.

Professor Robert Riegel, of the University of Pennsylvania, will give a course in insurance and one in statistics at Northwestern University in the 1922 summer school.

Mr. Victor Rosewater is assistant to the president of the Sesqui-Centennial Exhibition, Philadelphia, 1776-1926.

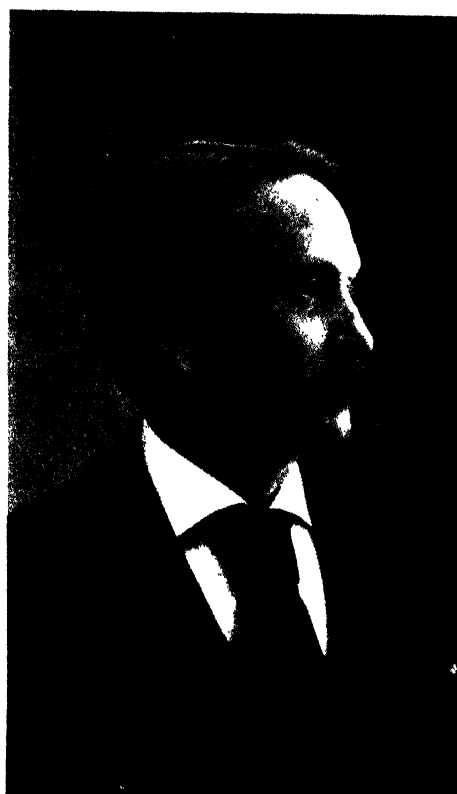
Professor Horace Secrist, of the Northwestern University School of Commerce, has been serving on the advisory board, Distribution Division, of the Joint Commission of Agricultural Inquiry, United States Congress.

Dean F. T. Stockton, of the University of South Dakota, will teach at the Johns Hopkins University during the summer session.

Professor Harold J. Stonier, of the College of Commerce and Business Administration of the University of Southern California, has been appointed director of the university's newest department, the Extension Division. This department will consolidate the various extension activities which have hitherto been carried on by the several colleges of the university.

Professor Walter C. Weidler, of Ohio State University is to give courses in marketing at Northwestern University during the present summer term.

Arthur Raffalovich, formerly the representative in France of the Russian ministry of finance, and well known for his writings on economic subjects, died in December, 1921.



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MEMORIAL TO FORMER PRESIDENT HENRY C. ADAMS¹

PRESIDENT JACOB H. HOLLANDER, PRESIDING

PROFESSOR J. H. HOLLANDER.—One of the penalties of advancing years in the life of an association, as of an individual, is that we see those who have been with us in earlier days, pass. Thirty-four years is a longer period in the life of a learned society than of its members. Those who enter are already at manhood, and the span of their scientific affiliation is inevitably briefer. One looks back with dismay as one, insensibly, passes into the ranks of elder statesmen. It seems not so very long ago since I attended my first meeting. It was a very much smaller company than this, hardly more than one hundred; for the Association was not a fourth of its present strength. At that meeting, as at many thereafter, one figure stood out clearly—Henry Carter Adams. It was a pleasant figure, for he was good to look upon—his manner debonair, his voice delightful, his bearing grave and courteous.

Then, as always, my regard for Adams was not only scientific admiration but institutional pride; for he was a Johns Hopkins man. Our "first graduate" we called him, in a playful sense. He had been one of the brilliant company of young scholars who gathered in Baltimore when the doors of Johns Hopkins were thrown open, and the circumstance of alphabetical arrangement placed his name first in the roster of our alumni. His days at Johns Hopkins were happy and profitable, and we, on our part have been proud of his achievements. We welcomed his return to Baltimore from time to time, on great occasions, as one whom we delighted to honor, and his visits were memorable by some message of weight and distinction. At one time it seemed likely that he might complete his academic career in Baltimore; but the demands made upon his time by public service precluded complete transfer to academic duties, and he remained in the forefront of our most distinguished graduates.

It is right that a science should honor its leaders, and it is in this spirit that, in the midst of our scientific deliberation, we have paused for a brief moment, to pay our devoted respect to Adams' life and work, as it may be told by those who in one relation or another stood closest to him.

¹Meeting of friends of Dr. Adams at the annual meeting of the American Economic Association held in Pittsburgh, December 29, 1921.

PROFESSOR R. T. ELY.—Mr. President and friends: Like Hollander, I have always thought of Professor Adams as a man of most pleasing personality. There are two words that occur to me as I think of him—sweetness and light. His was an amiable and lovable personality. No one could come in contact with him as I did and not feel him to be a true friend. He was cultured; he was refined; he loved beautiful things; he was a seeker after truth; he was one of the younger progressive group at the time this Association was established. Adams was always ready to do his part in any common undertaking and he did not think about any reward or honor that might come to him. He was never a seeker after office. Every office that came to him came unsought.

The early days of this Association were days of struggle. Only those who were closely associated with the work, perhaps, have any idea how severe that struggle was. There were many organizations coming into existence and it was not by any means a foregone conclusion that the American Economic Association would be the one to survive.

I was the secretary for the first seven years of the life of this Association. At that time it seemed necessary that one or two persons should hold office until the Association was thoroughly established and on a firm foundation, and on that account and that account alone I remained secretary for the first seven years. On that account and that account alone, President Walker remained president for seven years. We did not have any "finances" to speak of—we often did not know where "the next dinner" was coming from, but in some way we managed to pull through. Now, I mention that in order to emphasize the services of Adams in those days of struggle, for your secretary even with the help of General Walker could not have "carried on" without the whole-hearted coöperation of men like H. C. Adams.

When we were getting up our first volume for publication it seemed to me important that we should have a monograph from Professor Adams, so I asked him to put into shape an address that he had given and the result was "Relation of the State to Industrial Action," which has had a profound influence upon economic thought and economic legislation. Perhaps no one of us would agree with all his thoughts today; I doubt if he would himself agree with all of them today. But some things stand out very clearly in that monograph and there was one phrase which I think reflected his ambition; that was "to raise the level of competition to a higher level." That was something he had in mind and something he ardently desired.

He was a thinker first of all—and I remember a discussion that we had years ago. It was in Philadelphia, probably at one of our meetings or walking through the street, and I expressed some doubt as to

certain phases of life. Adams replied: "If we only think right we should not worry about the rest." And I think that was characteristic of the man—straight thinking is what he was anxious should be attained. Action would then take care of itself.

It is hard to express what one feels on an occasion like this. I did not know until a short time ago that I was to be called upon to speak but I do desire to say of him that, as economists, we can be proud of him. His life was excellent and his aims were high.

PROFESSOR E. R. A. SELIGMAN.—It is a great privilege to be permitted to take part in this tribute to a man who was so universally respected and beloved. Henry Carter Adams was born in Iowa, December 31, 1851, and died on August 11, 1921. He came of New England Puritan stock on both sides. One of his ancestors on the paternal side settled at Cambridge in 1623. His father, Ephraim Adams, was a member of that enthusiastic group of Andover theological students who went in 1842 almost on foot, we might say, from New England to the wilderness as it existed in Iowa in those early days, in order to spread the gospel. It was this little "Iowa band" of Congregationalists that was largely instrumental in founding Grinnell College, the first college in Iowa. Because of a last liberal donation from a Mr. Carter of New England, which made possible the starting of the college, Henry received the middle name of Carter.

Reared in the intense religious and intellectual atmosphere of Puritan missionary life, he was destined for the ministry. He was delicate as a boy, and at one time it was even doubtful whether he could endure the rigor of the Iowa winters and the discomforts of frontier life. He was compelled on account of his physical condition to live much in the open and for years he traversed the rolling prairies with a gun and a horse, seeking to acquire the strength which was so sorely needed and laying the foundation for that passionate love of nature which characterized him in later life. As a consequence, his early education consisted almost entirely of the training in the languages that his father was able to impart to him—Greek, Latin, and Hebrew. He was almost nineteen years of age before he received his first formal instruction. In 1869, however, he was able to enter Denmark Academy, and later to attend Grinnell College, from which he graduated in 1874. At that time he still intended to devote himself to the ministry, and accordingly after a year's teaching at Nashua, Iowa, he entered Andover Theological Seminary in 1875. Then, however, moved by the spirit of the age, he had his attention turned to economic and social questions and he determined to study economic science, not so much for itself as constituting an avenue through which to reach his goal of ethical reform.

It was now that by chance he heard of the founding of a new insti-

tution at Baltimore, the Johns Hopkins University. Having determined to enter it, he wrote on a few days' notice an article in competition for one of the new fellowships and he was fortunate in being one of the ten, among more than three hundred applicants, to receive a fellowship. This took him to Johns Hopkins and to Baltimore, which was a revelation to him. There it was that he mingled with the galaxy of remarkable men who were associated together as teachers; there it was that he first saw something of the life of the factory worker; there it was that he revelled in the opportunities for music and art, for which he had been silently longing but which he had been unable to find in his country home. Thus he developed into the man as he was when we came to know him a few years later. After attaining his doctor's degree in 1878—the first one conferred by the young university—he decided to do what the rest of us did, namely, to go abroad in order to secure his advanced training in economics and social science. Without any funds, he attracted the interest and affection of President Gilman to such an extent that the money was soon provided. He studied at Oxford, at Paris, at Berlin, and at Heidelberg for two years, and he there acquired a familiarity with the newer methods and the newer outlook which were to differentiate the young acolytes of economics on their return to this country.

Curiously enough, he was started on his career through a mistake. Andrew D. White was, at that time, American Minister to Berlin, and was exceedingly kind to all of us younger students who were pursuing our work in Germany. He had met Adams there, but only casually; and, when at a watering place in Germany, he sent for Adams in order to discuss with him the possibility of doing some work at Cornell. He had intended to send for the other Adams—Herbert B. Adams, the historian—and it was only after some little time that Henry discovered that he was the wrong man. I mention this because it was only a few years ago that he was again mistaken for another Adams. Here, however, to his relief, he found he was the wrong man. For when Secretary McAdoo, thinking that he was talking to Thomas S. Adams, offered Henry a position in the Internal Revenue Department, Henry was both complimented and embarrassed, as he was disinclined to accept. In 1878, however, although he soon discovered the error, he did not give up the fight. Mr. White was at that time also interested in economic questions and when Adams said he thought he had a message to give and he could say something to the boys at Ithaca, Mr. White asked him to draw up a syllabus. Adams worked all night and handed in his syllabus in the morning, with the result that when he returned to this country, he received an invitation to deliver lectures not only at Cornell, but also at Johns Hopkins and Michigan.

It was during these years that he still pursued his main quest of get-

ting economics and ethics in some way or other to align themselves together. And yet, you will ask, how did it happen that his first book should be devoted to the uninteresting subject (as it seemed at that time) of public debts. He told me the story once. It was this: Adams was very ambitious and eagerly desired to make a reputation. At the same time he knew that his views on social problems were not wholly approved by a great number of people. He therefore determined to seek a topic about which nobody else in the country would know anything, and which would not involve any questions of radicalism in social policy. He cast about for some time and finally selected this particular subject. That explains why he started out with public finance, and after five years of strenuous work he made, as he had hoped, a ten-strike with his admirable book on public debts.

In the meantime, he had never forgotten his first love; the very paper to which Professor Ely has referred was originally an address which was delivered before a club in New York in trying to make the lawyers and business men realize the close connection of economics and ethics. The point that Professor Ely has emphasized as characteristic of Adams is the cardinal one in the interpretation of his personality. It was his desire to make people realize that they move upward and onward solely through moral achievement. This can be illustrated by an important episode. During the early days of the Gould railroad strike in 1886, there was to be at Cornell University a discussion of the subject. The engineer who had been invited could not be present, and at a moment's notice Adams was asked to step into the breach and address the students. He spoke in his accustomed lucid way, and, as he afterwards said, it was the first time he had ever talked to so large an audience with a realization that he was making an impression, and that his audience was being influenced by his opinions. Unfortunately, the daily papers took the matter up and in their usual fashion, gave a distorted version of his talk. The upshot was that Mr. Henry Sage, the great benefactor of Cornell, came to President White and said: "This young man must go. He is undermining the very foundation of society." President White very reluctantly concluded that he had no alternative but to acquiesce. The alumni at once desired to make a test case. But Adams refused to allow this. It is to the everlasting credit of President Angell that immediately after this episode he extended to Adams an invitation to associate himself permanently with the University of Michigan. As a consequence Adams packed his tents and withdrew silently from Cornell. It is interesting to note that in 1890 he was asked by a unanimous vote of the Cornell authorities, of which Mr. Henry Sage was still a member, to return to Cornell. But Adams' loyalty to Michigan was now so great that he declined the flattering offer.

Adams' subsequent career was a distinguished one. It was now that he gathered about him a band of students who admired and loved him. But he was soon called upon to render very important public service. When the Interstate Commerce Commission was organized in 1887 and Chief Justice Cooley was called to the head, Cooley saw that one of the fundamental objects to be accomplished was the collection of statistics. He accordingly summoned his young colleague, Adams, to Washington. As we all know, by the end of the century virtually the only thing that remained of the vast volume of work attempted by the Commission during the first decade of its existence was the work that Adams had accomplished. Although section 20 of the new law required annual reports from the railways and prescribed the items that should be included, the Supreme Court held that there was no procedure provided to enforce compliance with the section and no penalty for refusal to comply. Moreover, each carrier was keeping its own accounts in a different way and it became exceedingly difficult to formulate any accurate summaries on such disparate material. When the railway bill of 1906 was under discussion in Congress, Professor Adams succeeded in inserting a much more drastic provision. Almost no attention was directed to this point, as the discussion in Congress was centering around the far more important question of the rate-making power. When the law went through, the railways found, to their consternation, that reports had now to be submitted under oath with severe penalties for non-compliance. Above all, the commission was now given power to establish a uniform accounting system for all the railways and to create the board of examiners to see that the accounting regulations were obeyed. The achievements of Adams in this regard will be more fully treated by Professor Dixon.

So great was the reputation that Adams acquired in this way that he was summoned a few years later by the Chinese government to act as its adviser in working out for them a system of accounting adapted to the Chinese system of railroads. Adams went to China in 1913 and remained for four years. I understand that the Chinese government intends to put a monument on his grave, together with a memorial tablet, expressing the government's appreciation of his services.¹

Notwithstanding his busy life as a college instructor and as government adviser, Professor Adams always remained true to his original inclinations, as is evident from the fact that for several summers he delivered lectures on ethics and economics in the Plymouth School of Applied Ethics, connected with the Society for Ethical Culture. Adams perhaps contributed as much to the success of that school as any of the more specifically ethical teachers. No one could associate with him,

¹The exercises connected with the placing of this tablet are referred to below, p. 414.

even for a short time, without being profoundly influenced by his fine personality. We must also not forget his papers on the social movements and on the social ministry of wealth contributed to the *International Journal of Ethics*.

A word finally as to his scientific achievements in public finance. His doctoral dissertation, *Taxation in the United States, 1789-1816*, was the first study in this field and at once attracted attention. His book on *Public Debts*, published in 1887, quickly became a classic. But it was now followed by a more comprehensive work. Adams was the first American scholar to write a treatise on that topic. It is true, indeed, that, influenced by his continental training, he made an unsuccessful attempt to rechristen the subject, calling his book, after continental precedents, *The Science of Finance*. Today we wisely distinguish between public finance and private finance. So far as the content of the work is concerned, however, it was a remarkable performance, and, like its predecessor on *Public Debts*, shot through with the American spirit. Adams here again very clearly showed that he was, above all, a thinker. This was so widely recognized that his colleagues elected him, after John Bates Clark, to the presidency of the American Economic Association, thus confirming the general verdict that he was after Clark the ablest thinker of the time in this country. So his book on finance is an eminently thoughtful book. Written a generation ago, it is now somewhat out of date, but at the time it was a pathfinder. Had Adams had the opportunity, had his attention not been diverted to this other more insistent work to which allusion has been made, he would have continued in his chosen field. For although we must not forget the admirable practical work that he did in connection with the Tax Commission of Michigan, and the valuation for tax purposes of the Michigan railroads, he was able to give only a small part of his time to public finance. Even recently, he told me—as we talked over his plans together—of his project for a new edition of his book. He never lost interest in the problems of public finance. He felt convinced that they were the most important problems that confronted us. Yet because of his other pressing engagements, he was unable to maintain in the science the primacy which he so quickly achieved.

Yet as I look back upon the many years of intimate association with him, I should say that far more important than the scientist was the man. He possessed remarkable qualities as a friend—not to speak of those as a husband and as a father. He endeared himself to everyone who knew him, and his students, above all, had the greatest possible affection for him. This will no doubt be made evident by some of the succeeding speakers.

When the history of economics comes to be written, I think it may be said without peradventure of doubt that Adams will occupy a place

in the forefront of the ranks of American economists. In public finance, in railroad transportation, in industrial regulation he made notable and permanent contributions to economic science. To those who were privileged to enjoy his friendship, Henry Carter Adams will ever remain the embodiment of all that is gracious and loyal and fine.

PROFESSOR C. H. COOLEY.—There was something about Mr. Adams which it is hardly possible to describe and yet I am conscious that it was this, more than anything else perhaps, that gave him his very great influence, at least over me. I refer to what I may call the distinction of his personality, somewhat in the French sense of the word *distinction*—something unique and provocative. There is possibly no man that I have known who would be so inadequately described by any mere enumeration of his private virtues or public services. I might almost use the word “romantic” in regard to Adams; I think that his attitude toward life was essentially adventurous. He seemed to accept the precept of Emerson—“Always do what you are afraid to do.” He might hesitate, but he was very likely after all to go ahead and do the thing he feared, and it very often succeeded. He had the highest aspirations and ideals of what he would like to bring to pass and what American life ought to be, ideals and aspirations which he very imperfectly realized. Consequently, those who knew him well were aware that he suffered constantly from moods of self-depreciation and discouragement regarding his work; but these very moods were, in a way, inspiring, because they were the reaction from a high-minded struggle with life.

Mr. Adams had faults and weaknesses, but they were faults and weaknesses that were very closely associated with something in him that was not far from genius. His aspirations and ideals were immense. He was also remarkable for a great sensitiveness about everything that was fine in conduct and about every possible claim upon him of a personal nature. I remember that when he and I were together in Switzerland (when I was a boy and he a young man), we stopped one night at a little Swiss inn. We had breakfast at the inn the next morning and then got on our way. We had traveled several miles when Adams suddenly remembered that he had forgotten to tip the chambermaid for some trivial service she had rendered him. He almost suffered remorse because he had forgotten this tip; indeed he was much inclined to return and give it to her.

There was something in his nature, and I think all who knew him well will agree, that was almost feminine. I think I may say that in my judgment his important conclusions were intuitive, rather than logical. I am aware that no one could give a better account of his intellectual processes than Mr. Adams, but I am inclined to think that

his real method was to see a thing first by inspiration or imagination. He saw it vividly, so that it was quite impossible to shake his belief in anything he did see in that way, and then he would devise a logical approach to this point which he had already reached by what we might call a higher method.

Such traits of a finer spirit as I have mentioned may account, even more than his tangible achievements, for the almost fascinating influence that Mr. Adams exercised over those of us who knew him well.

PROFESSOR F. H. DIXON.—My association with Mr. Adams began very soon after I entered the University of Michigan in 1887 and continued almost without interruption until his death. In connection with our intimate relationship, there are many things that I might say concerning his ideals, his aspirations, his influence. But I have been asked to say something of his connection with the development of railway regulation.

As has already been said, Mr. Adams was asked by Judge Cooley, the first chairman of the Interstate Commerce Commission, to come to Washington, for a part of his time only, for the purpose of organizing a statistical bureau in the newly created regulating agency. He undertook the task somewhat reluctantly, and with the understanding that his connection was to be but temporary. But the larger aspects of the problem appealed to him and as his conviction concerning public regulation developed, he found himself too genuinely devoted to his plans for the future to consider any abandonment of his task. And he remained in this part-time relationship for over twenty years.

When he undertook the task, little if anything had been done along national statistical lines. Aside from beginnings made by a national organization of state railroad commissioners, and by the Association of American Railway Accounting Officers, he found little upon which to build. Section 20 of the new law required annual reports from the railways and prescribed the items that should be included.

Mr. Adams immediately set about to make this report as complete as possible. But he at once encountered obstacles. Railways had not become accustomed to laying their affairs openly before the public. Some of them asserted that they lacked the information. Others declared that it was impossible to compile it, because of expense or its relative inaccessibility. Some flatly denied the right of the Commission to ask for it. Mr. Adams met this difficulty by carrying the question to the courts. But the Supreme Court held that, under the law as it then stood, there was no procedure provided to enforce compliance with section 20 and no penalty for refusal to comply.

Again it developed that the carriers were keeping their accounts in varying fashion and that accurate summaries could not be built up on

foundations of such diverse material. He realized that the real problem lay deeper and that the Commission must have the authority to prescribe the accounting systems of the railways.

With the amendments of 1906 came the opportunity to correct the many weaknesses in the law, and the statistical and accounting sections, through Mr. Adams' efforts, were then put upon their present sound basis. Reports had to be submitted under oath and penalties were provided for non-compliance. Moreover, the Commission was given power to establish a uniform accounting system for all the roads, and to create a board of examiners to see that the accounting regulations were obeyed.

Then began that long series of conferences with the Committee of Twenty-five of the American Railway Accounting Officers' Association out of which gradually emerged the uniform accounting system for the railways of the country. I attended a good many of these meetings. The discussions were frequently very earnest and the tension was often severe. But always at the crucial point in the discussion Mr. Adams would inject the right word and would restore the temperature of the room to normal. Such was his kindly tact and so great was the respect of the members for his judgment and his singleness of purpose that he almost always carried his point. The accounting system has since been extended to other utilities, and into other jurisdictions, but the regulations have all been based upon this pioneer work. The accounting system for public utilities is the work of Mr. Adams and the service that this system now performs for the nation is a monument to his labors.

Mr. Adams had the misfortune that his work was never fully appreciated by the Commission during his years of service. But he never faltered in his purpose or in his conviction as to the significance of his work. It was his belief, amply justified since, that the success of administrative regulation rested upon sound, intelligible, uniform standardized accounts. The Commission realizes this now and calls constantly upon its Bureau of Statistics and Accounts to aid in the solution of its problems of regulation.

I could describe many other activities along the same line in which Mr. Adams' farsighted genius has made permanent contributions. But I will merely mention them for lack of time. The Michigan appraisal, in which Mr. Adams laid down some principles concerning valuation, was a pioneer undertaking which has guided many a valuation since. Mr. Adams' services have been highly prized and frequently drafted in valuation proceedings.

He was called into the service of the Chinese government to devise an accounting system for its government railways. So greatly was his work appreciated that the Chinese delegation in attendance upon

the Disarmament Conference was imposed with the duty of bringing a tablet, the gift of the Chinese government, to be placed on his grave in Ann Arbor in recognition of his services.

Some years ago in an address on taxation, Mr. Adams took up the problem of the "weak and strong road" which compete in the same territory and must necessarily charge the same rates, and advised that rates should be made high enough to keep the weak road in business, and that the excess earnings of the more prosperous road should be taken through taxation. The project was denounced as radically socialistic, yet this is in substance the provision in the present Transportation act of 1920. These are all but illustrations of that pioneer type of mind that saw into the future and saw clearly.

I cannot leave this platform without expressing my own keen sense of obligation to him for the influence he exerted over his students, particularly in directing their thoughts to the importance of public service. And his public service ideals were practical ones, for he put them into very definite concrete form in his many suggestions concerning public regulation. It is difficult to estimate the breadth of his influence in this respect as it is being spread through the agency of the students that have come into contact with him.

Mr. Cooley has referred to the intuitive character of Mr. Adams' thinking. I am constrained to give one interesting instance of this that came under my own observation when I was assisting him in his course in English economic history. As he was one day lecturing, he paused after making an unusually brilliant generalization and remarked audibly, "That's pretty good; I never thought of that before." The remark illustrates what to me was another striking characteristic of Mr. Adams. That was his extreme modesty and self-depreciation. After his retirement from the university, he received many letters from alumni, expressing appreciation of his services to the university and of his influence upon them, and these letters always were read with the shock of pleased surprise. He felt, particularly at the end when his body failed to respond to the urgings of his will and depression frequently overcame him, that his life had been a failure. We all know otherwise and I, for one, am glad to have this opportunity to pay tribute to him and to his influence and his achievements.

PROFESSOR D. FRIDAY.—I belong to very nearly the last generation of students who studied under Professor Adams. I later had the privilege of working with him in a good deal of his public and private practice. Like every admiring student, I have sought from time to time to praise his achievements and I have come to say one thing of him and to add my story to the things other people have said about him. In thinking of his attainments my mind always reverts to the

early 80's. He conceived the idea that we should never have any adequate control of the railroads until we controlled their statistics. That was not a popular opinion at the time he conceived it and he was vilified for it in the extreme. It is very difficult for us to imagine how much he was abused for that action. His diplomacy and pleasing formality, and twenty years of hard work, enabled him to bring order out of chaos, and his system of accounting for railroads is a monument to his work. That, to my mind, is his great achievement; that is the attainment that impressed the student of later years most. It will stand there as a monument to his life as civilization endures.

Another thing that he did, especially for those of us who were students, was to give us an insight into his high ethical vision. I can recall one instance when a group of us were sitting about, visiting, in the wee small hours, and the discussion ran to Adams. Some one remarked about his wonderful influence, and Alvin S. Johnson said that the cause of this influence was not far to seek—that no knight of the Middle Ages had ever fought more valiantly than Adams fought for the coming man.

His career to me is one of the peculiarly romantic things that America has brought forth. Professor Cooley says he was essentially romantic in his outlook, and to this I would add that to me he exemplified sweetness, frankness, and sympathy.

PROFESSOR I. L. SHARFMAN.—However little I can add to what has already been said, with such sincere conviction, concerning the life and work of Professor Adams, I deem it a great privilege to testify on this occasion to his delightful personality, to the breadth of his outlook, to the great influence he always exercised upon all who came into contact with him. Professor Dixon mentioned his modesty of spirit. This modesty was one of the effective sources of the sweetness of his relationship with the men who came under his influence. I recall seeing, in a book of clippings relating to the episode at Cornell which Professor Seligman described, an addendum in his own handwriting to the effect that this was the first time he had realized that anything he said "might possibly be of some importance." He believed not only in liberty in the larger sense, but in personal freedom—for his students as well as for himself and his colleagues. Impatient of undue student supervision, particularly in scholastic matters, he was ambitious to arouse genuine intellectual interests in university men and women. I remember his telling me once how it came about that he entered into the field of economics. His explanation was quite simple. Destined for the ministry, as many distinguished scholars and publicists had been before him, he was early convinced that clear thinking was of greater importance than effective exhortation. For him, it was clear thinking

in the fundamentals of social living that made the strongest appeal. His approach was that of a social philosopher rather than of an economist in the technical sense. Practically all of his academic achievements reflected this vital concern with basic human relationships. Yet, in spite of this outstanding quality, when the opportunity came, he devoted most of a period of twenty-five years, as statistician of the Interstate Commerce Commission, to careful, technical work, and thereby established a solid structure for the control of transportation agencies through accounting and statistical procedure; and when called to China, where the circumstances under which he was to apply his ideas differed essentially from the situation in the United States, he once again found himself capable of putting into effective practice the general accounting principles which he deemed indispensable for the adequate control of railroad transportation. But to the very end, the larger questions of social organization and industrial relationships held his primary interest. When, only about a year before he left our midst, he was host to his club composed of university colleagues, and followed the usual practice of discussing a problem of special personal interest to the speaker, he selected Bertrand Russell's *Proposed Roads to Freedom* as the subject of his paper. For a number of years he was dreaming of returning to a study of the labor problem. Although he would have reached the patriarchal age of seventy had he lived to the end of this month, his intellectual powers were at their height and he was actively planning to carry his work forward. Those of us who have been in intimate contact with him during the last ten years of his life are not only overcome by a keen sense of personal bereavement, but are deeply conscious of a tremendous loss to economic scholarship. We recall in fond memory his gentle spirit and great powers.

PROFESSOR J. B. CLARK.—To all economists the death of Professor Henry C. Adams means the loss of an eminent co-worker, whose name has stood for deep learning, clear thinking and patriotic service. To the older economists of America it means a break in what was like a family circle united by personal ties of sympathy and affection. He was a founder of the American Economic Association, its first vice-president and, at an early date, its president. He contributed greatly to the success of the Association itself and of the sound but liberal thought which it represented. He lived to see opinions which in some quarters had been branded as heretical and even dangerous universally accepted and incorporated into public policy. "Younger economists" was the term sometimes used to describe the founders of the organization which now includes almost every economist in America. Older economists they are today, and they look backward over a long period in every year of which the Association has grown from strength to

strength and served with increasing effect the thought and life of the world. Seen today are nations that have undergone violent transformations and seen also are their concerted efforts to avert further ruin and start the movement of recovery. Unseen is the power of economic truth to make recovery possible.

As armies and navies have gained by applied science an undreamed of power of destruction, so international conferences and courts and the great League of Nations itself may gain, in a similar way, a power of restoration. These great and new organs of peaceful and prosperous living will succeed or fail according as they are or are not guided by basic truths concerning the economic life of the world. Has America had a share—even a leading share—in discovering and applying such truths? If so, it is largely due to the movement that began in Saratoga in 1885—the creating of the American Economic Association—and, in this, *pars magna fuit* Henry Carter Adams. His memory will be honored everywhere, he will be held in deep affection by all who have personally known him and his work will live after him and after all his associates. “The things that are not seen are eternal.”

PROFESSOR F. H. GIDDINGS.—Henry Carter Adams was one of those many-sided men who cannot be pigeonholed. A scientific intellect controlled all his methods, but a deep humanity inspired all his undertakings. Men admired him and also they loved him. His life was devoted to public service and to the discovery of truth, but he had time for friendships and for all things beautiful.

PROFESSOR J. H. HOLLANDER.—Our simple ceremony is at an end. A certain solemnity has come and grown with the hour. It is not entirely the sense of scientific achievements and of public service, but something vaguer and higher. In shadowy outline there looms the fineness of character. We number him among the gallant company of our departed; but our minds drift to the meaning of Mackintosh's phrases: “I have known Adam Smith slightly, Ricardo well, Malthus intimately. Is it not something to say for a science that its three great masters were about the three best men I ever knew?”

A Chinese Tribute to Professor H. C. Adams'

One of the most affecting and deeply significant ceremonies Ann Arbor ever witnessed took place at the grave of the late Professor Henry C. Adams on Washington's birthday. This was the placing of a monument and tablet on Professor Adams' grave by Dr. F. Chang, a member of the Chinese delegation to the Arms Conference at Washington.

*Reprinted from the *Michigan Alumnus*, March 9, 1922.

Some time ago the Ministry of Communications of the Chinese government asked permission to send a memorial to be placed at the grave of Professor Adams, in recognition of the services he rendered the Chinese republic, during the four years from 1913-1917, when he acted as its adviser in working out for them a system of accounting adapted to the Chinese system of railroads. It was this monument, brought to America by the Chinese delegation at Washington, that was officially set up on February 22.

Only a group of the friends and associates of Professor Adams and a number of Chinese students in the University witnessed the ceremony, which was very brief, but marked by the depth of emotion and sincerity of the members of the Chinese delegation.

After a brief introductory speech by Mr. Chen, the president of the Chinese Students' Club, Mr. Chang delivered the address, a beautiful tribute to the services Professor Adams had rendered his native land. Among other things Professor Adams gave, Dr. Chang said:

the benefit of his mature knowledge and wisdom in the service of a country in which the problems of accounting relating to the Chinese Government Railways, built and operated under the terms of different foreign loans and systems, were most perplexing and were offering great impediments to the future development of railways in China. During the four years from 1913 to 1917, when he acted as adviser to the commission on the unification of the accounting systems of the Chinese Government Railways, he served with singleminded scientific devotion to the task before him, and succeeded in the formulation of a body of rules, which were adopted and are in force today, unifying the systems of accounts of the Chinese Government Railways. The significance of this work cannot be fully appreciated without a knowledge of the peculiar conditions besetting those railways. The fruits of his labor have laid a foundation for the future development of railways in China and their increasing value can only be revealed by the growing test of time. In honor of him and in recognition of his signal services, the Chinese government twice decorated him.

No estimation of his services can be final without making mention of the unique nature which characterized them and which flowed from the high purpose and noble character of the man. China has had many and varied advisers, who have served relatively longer periods. Their results, however, have not been so monumental, and in some cases have been not happy. Professor Adams, on the other hand, worked with and advised the Chinese members of the Commission on the Unification of Accounts, helped them in the production of a body of rules, and left the work entirely in the hands of the Chinese. Such disinterested service and achievement commands universal respect and the love of the Chinese people.

Though the problems of China were new to him, yet with his scientific grasp and weight he had a thorough comprehension of them. He was also not lacking in human sympathies. He had such an understanding of the Chinese mind and ways that he readily sympathized with them and found

working with them congenial and productive of good. His efforts and contacts so endeared him to those with whom he worked that they not only revered his knowledge but also loved him as a man. In view of China's financial and economic problems, had he been alive, the Chinese government would have occasion to seek his services again.

The relation between America and China has always been friendly, and the feeling between the two peoples has always been cordial and kind. Professor Adams will stand out in history as one who has strengthened those bonds which unite these two nations, who has induced the feeling of confidence between nations and set the example for international coöperation and advancements.

At the conclusion of his address Dr. Chang read in Chinese the inscription on the tablet, and then gave the following translation:

In the memory of Professor Henry Carter Adams, this monument is erected by his colleagues of the Ministry of Communications, Republic of China, this tenth month of the tenth year of the Republic, where, as adviser, his wisdom and kindly temperament, his knowledge of economics and railway statesmanship were effective in unifying the accounting systems of the Chinese Government Railways. We, strangers in the land, come in mourning to his grave. Our tears pay tribute to his honest and able help in our time of need. We commend his example to future generations.

The monument is typically Chinese. The pedestal in marble represents the traditional sacred tortoise of China bearing upon its back the tablet, on one side of which is the Chinese inscription and on the other the English translation. The two faces of the tablet are blackened, as in Chinese stones, where the practice of taking rubbings eventually produces the characteristic darkened surface. The old dragon emblem of the Empire, which formerly surmounted all stones of this type, has been omitted since the inauguration of the Republic.

A POPULAR THEORY OF CREDIT APPLIED TO CREDIT POLICY

A preceding paper¹ was devoted chiefly to a discussion of the question whether the rise in the rediscount rates of the federal reserve banks had been instrumental in bringing about the credit contraction which followed the post-war expansion. An attempt was made to show that rate changes *per se* had not been efficacious, and it was furthermore pointed out that many obstacles lay in the way of the development of an efficacious system of rate control by the federal reserve banks. Since the date of writing (June, 1921) much additional evidence has been afforded of the lack of connection between the rates charged by the federal reserve banks to member banks, and the rates charged by the latter to their customers. It was observed that during the period when reserve bank rates were being advanced, many member banks were unaffected by the rise, because their charges were already far above the rediscount rates. Subsequent reductions in rediscount rates likewise have had little or no influence upon the charges of many member banks located in sections of the country where 8, 10, or 12 per cent is a customary rate. In short, over considerable portions of the United States it is a fiction to suppose that interest rates are either competitively fixed or responsive to the influence of changing demands from borrowers. Recognizing this fact, the article to which reference has been made above stressed the limited efficacy of any policy of rate control, however vigorous, under the conditions now existing. But it was suggested that in the leading money market centers a more effective control over rates could be secured by the federal reserve banks through an extension of open market operations with a view to equalizing the rates charged by member banks on different classes of loans, as well as with intent to bring about an expansion or contraction in the total amount of credit accommodation available.

This type of discussion takes for granted, or at least ignores, general questions of a much more fundamental sort. It does not ask, for example, whether it is desirable, if possible, for rate control to be exercised by a central banking system as an instrument of credit control. Nor does it ask to what extent such rate control is a matter of volition on the part of the central bank management. It does not attempt to decide whether changes in central bank rates can be arbitrarily enforced or whether they merely register a policy of conformity to some external guide or guides variously designated as the real or true rate of interest, the market price for capital, the natural rate,

¹The Efficacy of Changes in the Discount Rates of the Federal Reserve Banks," AMERICAN ECONOMIC REVIEW, Sept., 1921.

etc. To put these questions is to show how necessary it is to make clear at the start the theoretical presuppositions upon which any discussion of discount policy is to be based. A theory of mechanical or automatic fixation of interest rates through the unhampered operation of the forces of demand for and supply of capital (variously defined) makes untenable any concept of an independently initiated discount policy as a beneficent means of credit control. The sole aim of credit policy in that case would consist in somehow determining the natural, competitively fixed rates and then making them a guide to conduct. As a matter of fact, however, underlying most discussions of discount and credit policy there is an assumption, tacit if not expressed, that banks (and central banks in particular) are formative institutions, not merely instruments for the automatic execution of certain processes of exchange over which they have no control.² It is not necessary to attribute omnipotence to a banking system in order to conceive of it as an active agent in the direction, stimulation, or repression of industrial processes. But if there is to be any recognition of a problem of credit policy, it is necessary to conceive of banks as something more than passive agents recording market decisions and merely responding mechanically to demands made upon them.

The limits of the control exercised by any banking system, assuming it to be centralized and unified to a high degree, can perhaps be illustrated by analogy with those encountered by a monopolist who has been able to engross a necessity of life. The monopolist by his ability to control the supply of a particular commodity has a control over price that enables him within limits to stimulate or to discourage consumption. He cannot, however, fix his price without reference to demand on pain of overreaching his aim either by selling too little at too high a price or a great deal at too low a price. Similarly, to say that a banking system, to the extent that it can manipulate the supply of credit available in the market, exercises a positive control over industry is not to say that it can ignore the fact that it works within an industrial environment in which needs, "ever-changing in direction and intensity, are the motivating forces which condition all industrial activity." Nevertheless, the banking system of a modern industrial com-

²*Cf.*, however, testimony of Governor Harding before the Joint Commission of Agricultural Inquiry. He says on p. 362, part 13 of the Hearings: "The banks have to go along with the tide. I do not believe that banks can create conditions to the extent that people seem to think they can; I think the banks have to adjust themselves to conditions." Yet on p. 363 he is willing "to admit that if it had been possible for the Federal Reserve Board to advance its rates before it did.... in my opinion this runaway movement could possibly have been checked to a certain extent." Even with all the reservations that are inserted, the statements remain irreconcilable.

Cf. Hearings before the Joint Commission of Agricultural Inquiry, part 13, August 2-11, 1921.

munity so organized as to give power of direction into the hands of a central bank management is in a position to control the sale of a most important commodity: namely, credit. The prices charged for the use during a given period of time of the credit or purchasing power furnished by the banks (in other words the discount or interest rates) will depend upon the amount of accommodation the banking system is prepared to sell, that is, upon the supply of credit. This supply is, with the reservations just indicated, determined by policy in so far as law or custom does not interfere. And as additional supplies are often produced with only a negligible immediate cost, it is evident that the influence of policy upon supply is exceptionally direct and unhampered. But just as the monopolist has to experiment with prices to find out whether a given supply can be sold at a particular price, so a banking system desiring to sell the use of credit must experiment with discount rates. If, at the rate fixed, the demand of those willing to pay exceeds the amount of purchasing power that the banking system deems it politic to sell, either the rate must be raised still more or else refusal or restriction of loans must ensue. On the other hand, a reduction of rates with a view to stimulating the sales or rather the hire of purchasing power may fail of its purpose or meet with very feeble response. Hence, even under conditions in which control of rates is absolute, it by no means follows that control of the amounts of credit supplied (the fundamental objective) can always be secured. Only under conditions in which demand is sufficiently sensitive to enable the banking system to dispose of as much or as little credit as it desires by varying discount charges, is it possible to enforce a credit policy through the instrumentality of discount rates alone.

Implicit in all discussion of credit policies are theories as to the nature of capital, credit, and interest. To avoid confusion, these concepts need to be expressly defined and consistently adhered to, as the most serious obstacles to a lucid treatment of discount and credit policies have grown out of the tendency to use the terms in one sense for purposes of discussing money market phenomena and then to shift over to certain esoteric concepts for purposes of general economic theory. The position here taken is that the only definition of capital which has any validity *for the purposes of a discussion of discount and credit policy* is a definition which makes the terms capital and credit interchangeable and identifies them with the purchasing power sold or, more exactly, hired out by banks to borrowers who want credit for all sorts of purposes.³ Whether this purchasing power is taken in the

³The opening sentence of the second paragraph (p. 471) of the article in the *AMERICAN ECONOMIC REVIEW* referred to above seems, if taken alone, to be directly opposed to the position maintained in this paper. The subsequent discussion, however, makes it evident that the statement was directed against the vagueness of a

form of cash, bank notes, or checks against deposits is irrelevant from the point of view of the present discussion. Practically speaking, one can ignore any direct loans made by individuals in possession of hoarded money, and all other loans are made through utilization of the funds provided by the banking system. Even savings deposits whose disposition is subject to the control of individual investors can only be utilized in the form of purchasing power transferred to borrowers through the medium of banks. Interest has already been defined as the price paid for the use of the purchasing power furnished by banks to buyers or borrowers for a period of time.

The above definitions at least have the virtue of recognizing the fact that a study of money market phenomena has to proceed in terms of what is actually bought and sold on that market. This usage receives conventional support, too, from the growing disposition among economists to accept definitions of capital and interest based upon money market terminology as theoretically valid for a fundamental discussion of the problems of credit policy. There are, of course, countless illustrations of thoughtless acceptance of this terminology found in textbooks on money, banking and general economics, but the writers are not concerned with recognizing all the implications of their definitions and using them to test the validity of their views concerning discount policy and credit control. H. J. Davenport is conspicuous among American economists for unequivocal assertions of his belief in the theoretical soundness of definitions of capital and interest conceived entirely in terms of the money market. Unfortunately he has touched only incidentally and briefly upon the application of his definitions to questions of credit policy. In an article published in the *Annalist*, for February 28, 1916, entitled "Divergent Views of Interest," however, he leaves the reader in no doubt concerning his belief in the power of a banking system to function as an instrument of credit control. Having denied emphatically that there is any measurable connection between the amount of the "capital," "cash," "funds," which the business man borrows, and the productive equipment of a community (which Davenport calls the economist's capital), he goes on to say: "Equally clear is it that the available loan fund at any time is chiefly a matter of the disposition of the banks to do this discounting; and this disposition is determined mainly by the ease of their reserves and not at all, or only remotely and partially, by the amount particular type of approach to the subject. The concluding sentences of the paragraph, in which it is said that the borrower buys the services of the bank, and that the rate is the expression of a greater or less inclination on the part of the bank to sell its services, are in general conformity with the arguments set forth in this paper. But the earlier statement is itself open to a charge of vagueness due to the failure unequivocally to identify the services sold with *purchasing power*.

of machinery and raw material in the country." If concrete wealth is related to the case at all, he holds, it is merely as bearing upon the amount of accommodation that banks will grant to applicants. Interest rates, then, "report merely the condition of the loan market—not, even in the main, the volume of the existing supplies of loan funds, but rather the power and the disposition of the banks to create new funds. Credit has its cost of production as truly as wheat—costs varying under varying conditions of actual reserves and of estimated risks."

Another consistent spokesman for the theoretical soundness of the popular notion that capital, credit, and interest are money market phenomena is Schumpeter.⁴ In his *Theorie der wirtschaftlichen Entwicklung* he asserts that money market rates are the only interest rates; that the money market is the same thing as the capital market and that there is no other; that the capital market is the market in which purchasing power is bought and sold. Capital creation, he holds, is the creation or new creation of credit means of payment, and

⁴J. Schumpeter, *Theorie der wirtschaftlichen Entwicklung* (Leipzig, 1912). See especially the section entitled "Der Geldmarkt," and chapter 5, "Der Kapitalzins." Schumpeter's treatment offers many invaluable suggestions to a student of credit policy, even if one is willing to accept his highly unrealistic concepts of static and dynamic societies, and to think of interest as a sort of tax upon entrepreneurial profits growing out of new productive combinations—a dynamic phenomenon. Schumpeter's emphasis is all placed upon this entrepreneurial demand for purchasing power which arises because of the possibility of utilizing it in new ways. In a static society, or one in which producers owned all the goods that they required, there would be no interest, according to his characteristic use of that term. However, he concedes that even in his static society, premiums might be paid either by borrowers or by lenders in connection with particular transfers of purchasing power, according to whether the desire of the parties to the bargain happened to be stronger for present purchasing power or for the assurance of future purchasing power. Schumpeter admits that in point of fact the so-called static as well as dynamic demands for purchasing power influence the actual rate of interest in the money market but he regards the former as unimportant. It is obvious, however, that no realistic theory of interest can ignore or even minimize the influence of non-industrial demands. Especially at the present time it is evident that a working definition of capital or credit cannot conceive of it as purchasing power sold chiefly to entrepreneurs who are the determinant factors on the demand side in the fixation of interest rates. For an understanding of the problems of the money market, it is necessary to remember that funds are loaned to all sorts of customers irrespective of the uses to which the borrower expects to put them. Davenport has done good service in pointing out time and again that loans may be obtained for the purpose of bribing a city council as well as for paying wages, or buying machinery. It is evident from the brief outline given, that Schumpeter assigns to banks as the "producers of and dealers in purchasing power," the determinant rôle on the supply side in that money market in which interest rates are fixed. He says, p. 275: "We can see then in practice the working of both factors in the market; in the case of the most developed money markets, quite clearly; in other instances, less so. We can see how the industrial need for credit is expressed, and how the institution of banking sometimes supports and encourages it, sometimes tries to restrain it, sometimes refuses to give it further satisfaction."

interest is the price paid for this purchasing power as a means of control over production goods.

Gustav Cassel in his *Theoretische Sozialökonomie* (Leipzig, 1918) and in more recent articles intended for popular consumption has attracted world-wide attention to his proposals, which have made a forceful appeal because he has tried to apply a consciously held theory of capital and interest to a solution of the problems of discount policy and its corollary, credit control. He too takes the position that interest is a price paid to secure control over "capital" for a period of time (cf. pp. 167 and 174, *Theoretische Sozialökonomie*). And capital (*Kapital*) he has previously defined (p. 44) in terms of "money," as opposed to *Realkapital*, which consists of material goods still found in or concerned in the production process (p. 167) (die sich noch im Produktionsprozess befinden). Subjected to analysis, however, Cassel's definition of capital seems to be dissociated from reality quite as much as a definition which conceives of capital in terms of material goods already adapted to the purposes of production—a concept which he has subjected to destructive criticism.* Cassel entertains the idea that there is somewhere a true rate of interest and that it should be the aim of banking policy to bring bank rates into conformity with this true "capital" rate. His assumption is that borrowed funds are devoted chiefly to purchasing durable production goods, and the true rate of interest seems to be that rate at which demand will take off the supply of savings in pecuniary form. But how can this true rate be determined? Cassel admits that it is immediately and powerfully influenced by bank rates of interest. He attempts, however, to show the deleterious social effects of keeping bank rates of interest below the true rate, and comes to the conclusion that if the banks only hit upon a rate or rates that leave prices unchanged that will be the true rate. It will be observed that this true rate can only be reached by definition since it has no existence in fact.†

*See especially pp. 213 and 214. One is puzzled to know just what rôle the banks play in Cassel's money market, especially as he says later (p. 378) that "the bulk of the funds available (*die Hauptmasse der Kapitaldisposition*) for taking over concrete capital (*Realkapital*) is furnished by savings capital. Only a small part of this need for capital funds (*Kapitaldisposition*) can be furnished by the banks by the giving out of bank currency." Now *Realkapital* as previously defined includes circulating as well as fixed capital, and even the most uncompromising opponents of the practice of lending bank-created funds as opposed to savings for the purpose of securing control over durable capital goods, would concede their utilization in the purchase of circulating capital. It is probable, however, from statements previously made (cf. pp. 213-14, cited above) that Cassel is thinking of demand for funds with which to buy durable capital goods as set off against supply in the form of pecuniary savings. The rate that will suffice to take off these savings is then the true rate to be aimed at.

†Cf. p. 380 especially. The effect upon prices of a failure to keep actual bank rates in line with true rates as here defined is explained as follows. The policy of

Notwithstanding the notable exceptions to which attention has been called, the majority of economists are certainly not yet inclined to make the money market the point of departure for an investigation of the nature of credit phenomena. But the majority of bankers and business men seldom employ any other terminology in their discussions of such problems. Indeed, to talk effectively in other terms would often be impossible. To be sure, the Federal Reserve Board and the reserve banks have rather consciously tried in their official pronouncements to place emphasis upon the things that credit will buy, to conceive of credit as but a reflex of the demand for productive goods and services—as dependent somehow upon the physical volume of goods and in no sense a creation resulting from policy. Nevertheless, Governor Strong testifying before the Joint Commission of Agricultural Inquiry stated quite positively his belief that “credit is a commodity just as any thing else that is bought and sold and commands a price which is fixed by the laws of supply and demand.” The statement is quoted because it is typical, representative it is believed, of the views of a majority of bankers and of the lay public, and in accord with the position which this paper tries to maintain. It may be added, however, that such statements are seldom supplemented by adequate analyses of the nature of the supply of and demand for credit.

In the discussion of discount and credit policy one gets nowhere by the use of definitions couched either in terms of goods and technological processes, or in terms of abstinence. Granted that demand for credit usually grows out of a conviction that the purchasing power desired can be used “productively” (*i. e.*, profitably), it may not be; and discount policy determines whether the attempt shall be made or not. The marginal demand may come from a man who thinks mistakenly that he can use a loan profitably. Below the margin may be overcautious potential borrowers who could have used funds with the banks of placing out their funds at the old rate when profits are rising will, it is said, send up the prices of capital goods, thereby shunting purchasing power toward those goods to the detriment of consumption demands. The apportionment of the purchasing power of society between capital goods and consumption goods is in this case altered just as if a growing disposition to save had arisen in the community. So far as one can see, what is being said here is that the amount of purchasing power directed toward all purposes except immediate satisfaction should find its limit in the amount of the savings of the community. Certainly no counsel could be more vague or seem less related to reality. And to repeat, it is hard to see how the banks, theoretically speaking, can perform their characteristic functions at all without being regarded as intrusive, disturbing factors. Yet the conformity of bank rates of interest to an elusive true rate of interest is to constitute a method of stabilizing the price level. Cassel is naturally fully cognizant of the fact that the general price level is not determined exclusively by monetary factors, but nevertheless he is disposed, especially in his later popularized writings, to minimize the influence of incalculable factors on the demand side and to talk as if changes in the price of credit acting through supply could be counted upon to effect the most delicate and instantaneous adjustments.

profit. The demand for loans comes from the ill-informed, as well as the astute—it may be characterized by over-optimism or over-pessimism. On the other hand, no explanation of the supply of loanable funds can be related to individual rates of abstinence. Such funds may represent in part purchasing power withheld from the market by acts of individual self-denial. But the supply will also be augmented by created banking credits. Indeed, as the banking system is capable of supplying funds by creation of claims, it can take from some and give to others, thereby reducing immediate ability to consume of people who are not consciously saving. War loans are an obvious and extreme illustration of enforced saving, when financed by means of credit inflation.

Theories that base concepts of capital upon categories of goods, that conceive of savings as existing in the form of such goods, and think of interest as payments in goods, dependent either upon a somehow defined capital productivity or reflecting a universalized rate of time preference, fail therefore to make any convincing connection with the facts of the money market. It is obvious that one gets nowhere with productivity theories of interest, unless they are conceived in terms of price; and price changes bear no measurable relation to physical magnitudes. Neither have theories of interest based on time preference any value for purposes of the present inquiry, even if they have metaphysical content. No light is thrown on the causes of the fluctuations in call loan rates, for example, by saying, as does Fetter, that "the market-rate of interest (after due allowance for risk and other deductions) registers a prevailing price for timeliness, which pervades the whole economic structure of society." Nor does Fisher help to clarify the discussion or to relate it in any convincing fashion to the money market when he says: "The rates of preference of different individuals must be equal to each other and to the rate of interest in the market. . . . The rate of interest must be such as will equalize supply and demand, or exactly clear the market."

To be sure, the money market functions as part of a complex economic organization for the production, exchange, and distribution of goods and services. It cannot be conceived of as working in isolation; but on the supply side, the commodity which it offers for sale—namely, purchasing power—is subject to control through policy.' Hence

¹Cf. F. A. Fetter, *Economic Principles*, vol. I, p. 312.

²Cf. I. Fisher, *The Rate of Interest*, p. 150.

³In an article by C. A. Phillips on "Control of Bank Credit," published in *The Annals of the American Academy of Political and Social Science*, January, 1922, an attempt is made to distinguish between actual and natural rates of interest by defining the former in terms of money and the latter in terms of goods. It is said (p. 198) that "too little effort has been made to bring the market rate into harmony with what may be called the *natural* rate of interest, the natural rate being the rate

prices charged, that is, interest rates, are influenced by policy, although many factors of a material and personal sort affect the demand for purchasing power coming from borrowers. Banks may as a matter of precaution, and usually do, test the desirability of transferring purchasing power to a borrower by determining whether he is in possession of goods awaiting transfer, transformation, or utilization. But it is, to repeat, a matter of policy whether an underlying basis of goods is insisted upon in granting a loan and whether conditions are made in connection with the loans, such as that the borrower must control salable goods or have expectation of receipts from goods already sold.

In the definitions of capital and of interest accepted for purposes of the present inquiry, there has been no attempt to distinguish between the uses to which borrowed funds are to be put, or to differentiate according to the length of time for which funds are wanted, because it is not thought that a definable distinction can be made.¹⁰

at which the supply of and demand for loanable capital goods, as distinct from 'money,' may be equated." What meaning inheres in this distinction? What are loanable capital goods? There are at any instant of time certain available supplies of goods, some of which are in condition either to be turned over to consumers or to be used in furthering productive processes, while other goods may already be definitely adapted to specific needs, productive or otherwise. There are also stocks of raw materials that may serve a great variety of purposes. But even if one accepts a distinction between capital and non-capital goods, there is nowhere at any time a determinable supply of capital goods waiting to be taken off by demand, somehow defined in terms of goods. It may be asked whether demand for "loanable capital goods" can possibly be defined in any but monetary terms. And if demand is conceived of in terms of purchasing power, is it not an effective demand irrespective of the way in which it has been secured? The next sentence concedes the elusiveness of these natural rates for loanable capital goods by saying that "although it is impossible always accurately to ascertain what the natural rate of interest is, it is not difficult to detect a wide disparity between the market and natural rates." And since the "natural" rate, just as Cassel's "true" rate, escapes measurement, the writer shifts his ground and by implication redefines the natural rate as a rate which will prevent price changes. He says: "The disparity between the market and the natural rates during the early period of credit expansion under the operation of the Federal Reserve act, was due measurably to an inflationistic policy with a low rate of rediscount as its central feature."

¹⁰The attempts of the Federal Reserve Board in its rulings to distinguish between a commercial loan and an investment are ingenious, but not always convincing. Time cannot be made the test, because every loan made by a federal reserve bank is for a short period. The commodities bought or handled with the funds obtained cannot be the test. The tests are related to motives of borrowers and sometimes external tests whose logic it is hard to follow. For example, in an article on "Eligibility for Discount," by C. L. Powell, *The Annals*, Jan. 1922, p. 109, it is said: "A note, the proceeds of which is used for tilling or draining farms, may be classed as agricultural paper and is eligible for discount." But "silos are permanent improvements, and notes given for their purchase are not eligible for discount."

"A note given for the purchase of a motor truck by a farmer is clearly held to be eligible for discount, as agricultural paper, but notes or trade acceptances given

Yet a good many economists who are prepared to talk exclusively in terms of money and purchasing power when discussing short-time loans, and who are furthermore willing to concede that rates charged for short-time funds can be regulated by policy, shift their position when investigating the influences regulating long-time interest rates—the rates at which they conceive the values of durable goods to be capitalized.” It is believed, however, that the method of approach to the problem of long-time rates should be substantially the same. Problems of policy arise in this field also—indeed, such problems are but variants of the general problem of credit policy which should be viewed as a whole.” The so-called long-time rate has no existence apart from the money market any more than have short-time rates. It is a derived rate based on an average of day-to-day rates actually charged in various long-time contracts negotiated in the market. Such averages are the ones applied to the valuation of income bearers and it is not believed that rates of capitalization exist apart from the rates actually paid in the money market. At least, if they do, they are realities that are without tangible expression. The so-called long-time interest rates (and the distinction between long and short is of course arbitrary) have been made the subject of many unwarranted generalizations by contrast with short-time rates. Not only have long-time rates usually been accorded a metaphysical reality denied to short-time rates, but even when the discussion has proceeded in market terms they have been differently conceived, thought of as averages over a period of time, rather than as prices constantly changing. It may be conceded that fluctuations of rates in long-time contracts are as a rule less extreme than fluctuations of call loan rates but comparisons

in the purchase of motor trucks of a corporation engaged in the business of furnishing motor transportation are not eligible for discount, as such trucks represent in a large extent the corporation's capital investment.”

“Cf., for example, D. Friday, *Profits, Wages and Prices*, chapter on “The Rate of Interest.”

“In this connection it may be noted that it is hard to see how any question of credit policy can arise—apart, that is, from the necessity of maintaining legal reserves—if one holds that all genuine commercial loans are self-liquidating and that banks should confine their operations to loans of such type. The only question then becomes one of rigid scrutiny of the paper offered or investigation to determine whether proceeds are intended for current uses, in cases where the paper does not reveal the type of transaction. If paper is unimpeachable, or so appears, ought not loans and discounts to be made as a matter of course? What should be the policy of central banks under such circumstances? The belief sometimes expressed that the federal reserve banks, for instance, should accept all “good” paper offered to them, would, if made the basis of policy, deprive the system of every vestige of effective control. Policy has in fact led to refusal to grant loans, and the graduated discount rates imposed upon certain member banks in some sections were a timid substitute for downright refusal to grant *more* credit, irrespective of the type of paper being offered for discount. These graduated rates, reviled as an instrument of exploitation, were actually a concession to the clamor for more credit.

are seldom made in proper fashion. Long-time interest rates change perpetually as do call rates, and such changes are only known by the interest which the borrower of purchasing power agrees to pay at the time the contract is made. Not only will the long-time interest rate of today be something different tomorrow but its fluctuations depend upon and likewise influence other market rates. Any investment banker knows that the call loan rate will affect the terms on which long-term loans can be effected. And long-time financing operations contrariwise affect call rates. It is hardly necessary to call attention to the effects of policy in reducing the long-term rates at the time of the Liberty Loan flotations, yet there persists this disposition to believe that long-term (investment) rates are largely determined by forces conceived to be "natural" in the sense of being divorced from money market influences.

There is, however, another reason why investment activity is usually excluded from the field of credit policy, even by writers who think of all forms of credit in terms of purchasing power. There exists a widespread belief that a reliable measure of the amount of purchasing power that can be safely loaned for long periods of time is found in existing time or savings deposits of all sorts and that all that banks or financial institutions need to do is to act as intermediaries in transferring purchasing power from those who save to those who want to spend such purchasing power in a particular way.¹² Usually it is felt that this purchasing power should be directed toward durable production goods. This attitude assumes a rigid segregation of savings deposits from other bank deposits which notoriously does not exist. But, after all, back of the question whether such a policy of segregation is possible, there lurks a more fundamental question as to whether it is always desirable to devote savings deposits exclusively to the purchase of those classes of goods whose utilization will expand industrial equipment and whether all "created" banking deposits shall be rigidly diverted from such cases. Now every analysis of the nature of investment demand on the technological side encounters complexities that elude solution. There are greater, socially speaking, more significant differences existing between various types of recognized investment demand than between certain types of investment demand and certain types of commercial demand for credit. Purchasing power that is directed toward the purchase of production goods in durable

¹²As a matter of fact it is very hard to say what proportion of time and savings deposits actually represent a long-time abstention from purchasing on the part of their owners. A considerable portion of such deposits is likely at any time to be heavily withdrawn and devoted to immediate purchasing of all sorts. The insistence that savings institutions shall become investors in short-time paper, such as acceptances, as a means of protection against unexpected withdrawals is evidence of the fact that such deposits are in part regarded by their owners as demand deposits.

form has a very different effect from purchasing power directed toward the raw materials out of which such goods are to be made, or directed toward control of the services of land and labor to be used in connection with productive activities. Loans obtained against mortgages on land, when used to buy more land, are in a very different category from loans against mortgages, whose proceeds are used to improve the land. Given the fact, therefore, that formal classification throws so little light on the social and economic results of lending operations, it may be concluded that a credit policy cannot be restricted to a formally defined field of borrowing, if it is to be really effective in the control and distribution of credit, and if it is to prevent price maladjustments resulting from undue borrowing by certain elements in the community. Suppose, for example, that a hard and fast rule of using all savings to purchase limited categories of production goods were practicable and enforceable. It might lead to overstimulation of the buying demand for such goods at the expense of the markets for raw materials and finished goods. On the other hand, the amount of savings might be so limited as to restrict unduly the demand for production goods. In either case, the results would be disastrous not only to investment but to commercial banking interests whose "liquid" loans are only liquid to the extent that fixed capital functions, "circulating" capital circulates, and both productive consumers and ultimate consumers buy as expected.

Before the war, German writers on finance perpetually complained that in Germany long-time loans carried unduly high interest rates as compared with short-time loans. What was the explanation? Purchasing power created by the banks and used in the market for short-term loans had been sufficiently plentiful to meet demands on the basis of low rates. But in the market for long-term investments, the supply of purchasing power offered for sale had been more or less limited by reference to the amounts of savings deposits, so far as they could be estimated. At any rate, the relatively extreme divergence of rates indicated a hindrance of some sort to the competitive shifts that would otherwise have tended to reduce the unusual spread existing between long and short-term rates. As a matter of fact, this situation was tending to correct itself by a growing policy among the banks of extending short-time accommodation to favored borrowers who wanted it for long-time purposes. This tendency was an inevitable outgrowth of a maladjustment which it served to correct. Hence it is curious to find Herr Heiligenstadt, president of the Preussenkasse, deploring the tendency and at the same time calling attention to the unfortunate social and economic effects of an undue spread between long and short-

time rates.¹⁴ In an article on "Der deutsche Geldmarkt," (pp. 76-77), he says: "In any given condition of industry, there must exist a definite relation between fixed and circulating capital. Against every violation of this economically necessary relationship between fixed and circulating capital the money market will eventually react with the greatest force. The weakening of the national circulating capital is the root of our economic embarrassment." That is, the writer thinks the tendency has been to put too much of the national circulating capital which ought to be maintained in liquid form into fixed investments. But, to repeat, since the saving disposition of a people is not particularly amenable to policy, an evening-up process either involves encouraging the practice complained of, or else limiting as a matter of policy, the supply of purchasing power offered for short periods of time. J. Plenge, in a book on discount policy published in 1913, at least touches upon the possibility of modifying the spending and saving habits of a people to make possible a more rapid creation of "capital" and thereby bring about an equalization of long and short-time interest rates.¹⁵

It must be admitted that even in countries having highly centralized commercial banking systems, the control of the direction of savings funds is not so immediately subject to the decision of bankers as are short-time funds, because individuals have a greater direct voice in dictating the disposition to be made of their savings. But after all, their choices are determined by the opportunities for investment offered by investment bankers and financing agencies dependent in their turn upon loans furnished by the commercial banking system. Consequently individual savings are in good part forced into predetermined channels. There are innumerable points of inevitable contact moreover between long-time and short-time lending operations. Attention may be called to some of the best-known types. Surpluses of corporations, intended eventually to be used in permanent investment expansion, find temporary utilization in purchases of bills or other short-

¹⁴Cf. C. Heiligenstadt, "Der deutsche Geldmarkt," *Schmoller's Jahrbuch*, March, 1907; also, *Fragen des Geldmarktes* (Berlin, 1906).

¹⁵J. Plenge, *Von der Diskontpolitik zur Herrschaft über den Geldmarkt*. (Berlin, 1913), p. 222. "Precisely as involuntary and unplanned is the equalization of the capital market in each of its chief reservoirs. No care is taken that this year, the perhaps growing capital needs of state and municipality or the demands of industry facing new technological tasks, shall be satisfied by increased savings. No effort is made in decades of increasing capital demand to see that the consumptive habits of the people make it possible to bring about a more rapid creation of capital. On the other hand, just as little attempt is made in a period of very rapid increase in the supply of credit capital, to see that the need for circulating capital in trade and industry correspondingly increases, with the inevitable result that the introduction of this new capital which is at the same time new money, would bring about inflation in its true sphere of effecting the actual transfer of goods, which however, it does not do when it flows off partially into investment channels."

time securities. Securities may be bought with savings or their purchases may be financed through the proceeds of call loans. Funds transferred to a borrower who expects to use them for long-time purchases, may be temporarily reloaned in the short-term market. And there is also the familiar procedure of borrowing for short periods of time with every intention of eventually funding the short-term obligations into long-term loans.¹⁰

Despite recognition of the prevalence of this practice of perpetually shifting purchasing power between long and short-time investments, there is a widely held belief that inflation is sure to result unless investment operations can be limited to or be measured by the savings of individuals. That leads one to a consideration of how inflation is brought about and whether it necessarily results from an extension of commercial banking operations into the investment field. Sometimes it is said that the latter type of loan is inflationistic because it is a claim on wealth in general instead of being a claim upon specific goods passing through various production stages. The answer to this is that credit of every sort is a claim on wealth in general in the sense that it is purchasing power which can be used to buy things, no matter what the nature of the transaction to which it is ostensibly tied or what the type of property upon the security of which the bankers have been willing to transfer the use of purchasing power either for longer or shorter periods of time. Long and short-term credit is in essence the same. It is easy to think of a long-time loan as a succession of short-time loans, renewed at intervals. And such loans can in individual cases generally be "liquidated" at any instant by transfer of the property bought with the proceeds of loans even if it is in fixed capital form. Of course, such liquidation cannot go beyond customary proportions. On the other hand, short-term loans are often long-term loans, technically payable at intervals. And in any case, even when the proceeds of loans have been used to buy so-called circulating capital goods as, for example, raw materials which are to be worked up and transferred by sale, or commodities which are merely to be shifted unchanged from one distributive stage to another, it does not follow that liquidation can be forced any more than it can be in the investment field. The conclusion is that credit of one sort is not of necessity any more inflationistic than credit of any other sort. Inflation follows when the expansion of credit (purchasing power) *in toto*, no matter how used, proceeds at a rate so rapid that the effective pecuniary demand directed toward all sorts of goods, durable and transient, and toward all kinds of services is more than sufficient to take off supplies of these things at current prices. It is undeniably

¹⁰Cf. J. Plenge, *Von der Diskontpolitik zur Herrschaft über den Geldmarkt*, pp. 219-226.

true that the disposition to extend credit to persons prepared to pledge property which they have no desire or intention of selling has an inflationistic tendency so long as new forms of such property are being brought into the credit system and used to serve as a basis upon which to request loans." The difficulty with such loans is that considerations of individual safety rather than questions of general policy are likely to determine whether they shall be granted or not. The amount of such applications should of course be controlled, irrespective of the excellence of the underlying security. And the purposes to which the proceeds are to be devoted should be scrutinized, as in the case of other types of loans.

Another sort of theoretical objection to the attempt to apply a credit policy to the market for long-time loans has, curiously enough, been raised by H. G. Moulton, the economist who has done so much to show the intimate dependence of investment operations upon the commercial banking system as it is commonly conceived of. He believes that a discount policy intended to control inflation by raising rates will have the effect of raising the rents of goods of a durable sort such as buildings, for example. He argues that a scarcity of such goods will follow because of increased expenses of production growing out of the higher interest rates that have to be paid for borrowed funds." This flies in the face of the facts of valuation as applied to durable goods in a period of rising interest rates and appears to be theoretically invalid for the following reasons. First, the interest on borrowed purchasing power is not an invariable element in cost of production and cannot be directly determinant of price. Changes in interest rates exert an importance according to the more or less of borrowed purchas-

"Cf. J. A. Hobson, *Gold, Prices and Wages* (p. 91): "Only when the bulk of the industrial world is so far standardized in its business structure that the greater part of those forms of wealth capable of supporting credit have been brought into the credit system, is there any sure prospect of a reduction in the pace of growth of credit acting on world prices."

"Cf. H. G. Moulton, "Banking Policy and the Price Situation," *Papers and Proceedings of the Thirty-second Annual Meeting of the American Economic Association*, p. 170: "While an increase in the rates of rediscount would curtail the volume of outstanding loans, it should not be overlooked that it will accomplish other things as well. For instance, it will increase the costs of conducting business all along the line. This increase in costs must be reflected either in increased prices or in decreased profit margins. It is necessary that we clearly perceive that one result of the increase in rediscount rates will therefore be to curtail the possibilities of business expansion during the coming year. There is a tremendous need for the construction of additional houses, additional railroads, additional public utilities, and additional industrial equipment in order to permit us to recover from the effects of the curtailment of construction operations during the war. To raise the rates of discount at the present time will increase the cost of such construction at a moment when such building operations are already being seriously retarded in consequence of the enormously high cost of construction.

Cf. Criticism of this contention, *ibid.*, p. 181, by G. W. Dowrie.

ing power employed. The effect upon price is indirect. Higher interest rates *per se* tend to make for lower values of building materials, to the extent that the higher prices charged for the use of purchasing power restrict demands for such materials. The uses of completed buildings may remain dear under such circumstances because of scarcity of the use-bearers but the higher rates will not hinder but rather help to overcome this scarcity by reducing the costs of new buildings. Hence a discount policy which aims to control price inflation in the case of goods intended for a rapid turnover ought to be applicable to goods which are to be embodied in more permanent forms.

The general conclusions that have been reached are merely preliminary to a consideration of the special problems of policy that confront the federal reserve system. Since the grant of credit is inevitably and in the nature of the case a matter of policy, it should be conscious and unified, and for that reason there should be a wide power of direction and control lodged in the hands of the management of any central banking system. To be fully effective, furthermore, this control must embrace the market for investment loans as well as for short-time loans. If this responsibility is recognized and accepted, the existing mechanism must be adapted to this end. Hampering customary or legal restrictions must be abrogated or else the central bank authorities must disavow the responsibility that the public uncritically insists upon placing on them. If the contention previously advanced is a correct one, namely, that it should be the aim of policy to maintain a balance between investment and short-time lending operations, the federal reserve banks ought to have some means of influencing the apportionment of credit supplies between these uses. In that case if the interest rates for long and for short periods showed a marked spread, it would be a signal for interference. To illustrate: suppose the reserve banks were permitted both to rediscount and to lend directly against stock and bond collateral. The reserve institutions would then be in a position to make their influence felt in the general investment market, since they could at discretion raise or lower rates charged for carrying loans of this type, in relation to other classes of loans. The problem of credit control, is after all, not simply a matter of increasing or decreasing the credit supply *in toto* but of seeing that it is apportioned adequately among the various groups of borrowers. Unduly high or unduly low rates charged for particular types of loans may bring about much worse maladjustments than either too great liberality or too great niggardliness of an impartial sort. It is recognized of course that at present the control of the federal reserve system is not only imperfect in relation to the existing membership but also incomplete, as a result of the existence

of large numbers of non-member banks that have but remote connections with the system. It should not be forgotten, however, that the distinction between members and non-members is not based upon differences between banks doing a primarily commercial business on the one hand, and investment institutions on the other. Many banks doing an extensive commercial business are excluded, while large trust companies whose investment activities are of preponderant importance have been taken, indeed urged, into the system.³⁹

Color has been given to the belief that credit policy can only be effective in the market for short-time loans by the fact that in the case of European central banks, discount policies have been consciously tested out in central money markets, and the literature on the subject has been confined chiefly to a description of the methods employed in controlling a very limited class of operations carried on by the large banks and credit middlemen in immediate contact with the central banks. The bill market in large financial centers (and New York City is no exception) offers an extreme case of sensitive response to central bank rate changes. But that is no reason why attempts to influence outside market dealings should be confined to that limited field. In New York City, for example, dealers in acceptances, as distinct from accepting banks, operate almost exclusively with borrowed funds. Their profits consist in acting as intermediaries in shifting loans from one lender to another (*i. e.*, from the accepting bank that grants credit by accepting to another bank that is willing to purchase the acceptance). If the dealer who buys the bills as a means of effecting these transfers has to pay as high a rate on the funds borrowed for that purpose as he subsequently pays in reconverting his loan into purchasing power, he makes no profits. And it is very easy to suffer losses in such transactions. Hence dealers are in a position where every change in rates on call money, with which they usually operate, is a matter of grave importance, and the scope of their operations is immediately influenced by such changes. When, as in the New York market, dealers are often dependent upon loans obtained directly from the federal reserve bank, the open market rates of the latter directly determine the extent of such dealings.⁴⁰ It is admittedly a far cry from this type of control to the sort of control that is concerned with the amount of credit to be granted to manufacturers for expanding industrial equipment or to farmers and stockmen for growing crops or raising live stock. The problem of how to establish such control is a very different one and a difficult one, but that is not saying that it ought not to be done. The question is—how best to do it.

³⁹Note also provisions of Edge act (1919).

⁴⁰Sales made under 15-day repurchase agreements are thinly disguised loans.

It might as well be admitted that such an all-embracing type of credit policy seems highly improbable of attainment under existing conditions, given the fact that the federal reserve banks have had such limited powers of control even within the restricted field assigned to them by law. But unless a goal, no matter how remote it may seem, is consciously set, there are no consistent standards by which to judge the expediency or significance of proposed modifications of law and policy that will have to be considered from time to time. Some of the immediate obstacles in the way of control over member bank rate charges have already been alluded to. Proposals designed to overcome this lack of responsiveness should fit into a general scheme of policy, instead of being opportunistic devices to meet the needs of the moment. The evidence goes to prove a very general lack of relationship between rediscount rates and the rates paid by the public to member banks. In some instances, member banks are in the position of minor monopolists who charge what the traffic will bear; and there are sections of the country in which it will bear 10, 12 or 14 per cent. In parts of the country where it is not feasible to put the rediscount rates of the federal reserve banks above rates charged by member banks, there should be a steady drive against such rates in the form of a refusal to rediscount for banks making excessive charges, or else in the shape of direct loans to overcharged borrowers, because a rediscounting agency such as the federal reserve system cannot have any effective control over credit policy, even in a period of credit expansion, so long as it has no influence over the rates charged to the general public. When the member banks have surplus reserves, it is quite obvious that a pure rediscounting agency loses all control over the amount of credit supplied to the public and over the rates at which it is furnished. The conclusion is that a rediscounting agency as such can never control a credit situation through rate changes, when it sells its credit at rates below the rates charged to the public. Under such circumstances, its only method of control in a period of expanding business, is rationing. In a period of declining business its rôle is passive. In order to enforce its policies, therefore, the federal reserve system must extend the scope of its direct dealings with the public (*i. e.*, its open market operations). It was suggested in a previous paper that the bill market was not the only one to which the resources of the system could be safely and effectively applied. It was contended that commercial paper and loans against salable securities might very well be added to the category of paper obtained directly, not with a view simply to employing the resources of the system but with intent to put it in a position more effectively to influence member bank activities and to bring about equitable rate adjustments when the market mechanism was not working adequately and it was felt

that particular groups of borrowers were either undersupplied or oversupplied with funds. It is not without significance in this connection to note that the Federal Reserve Board in its annual report for 1921 emphasizes its lack of direct dealings with the public in refuting critics who have imputed to it responsibility for deflation and business depression." This lack of direct contact with the borrowing public must be recognized as a very real limitation upon the responsibility of the board either for credit expansion or for contraction. But this very fact is an argument for the extension of direct dealings and for that reason strong objection can be made to a recent statement of the Advisory Council (January, 1922) to the effect that "the federal reserve system must not be permitted to deal with customers direct and thereby incur the risk of immobilizing its funds in credits that may conceivably become frozen. Whatever relief the federal reserve banks may furnish must, therefore, be granted through the intermediary and under the responsibility of banking channels."

As a matter of fact, the question whether the direct lending activities of the federal reserve system ought to be extended has been more or less debated in connection with a discussion of agricultural credits. The bill now pending in Congress which seeks to meet the demand for an intermediate type of agricultural loans does not, however, provide for any direct grant of loans by the reserve banks. On the contrary, it would remove them one step farther away from the borrowing public so far as this particular type of agricultural lending is concerned. The bill provides for the establishment of credits departments in the federal land banks whose function it will be to furnish farmers and live-stock men with loans running from 6 months to 3 years. Paper taken by these credits departments from banks, incorporated live-stock companies, and coöperative associations of agricultural producers is made eligible for rediscount with the federal reserve banks when it is within six months of maturity. The reserve banks may also buy debentures issued by the federal land banks still having six months to run. Although these provisions of the bill are permissive, not mandatory, there is no arrangement made for subordinating the activities of the new organizations in a way to make them conform to the general policies of the federal reserve system. It would indeed be entirely possible for the two groups of institutions to work in opposition to each other.

The Agricultural Conference which held sessions in Washington in January gave its support to more radical recommendations which would permit the federal reserve banks to make direct loans to agriculturists without intervention of intermediaries and to buy short-time

²*Cf. Eighth Annual Report of the Federal Reserve Board, pp. 90-99.*

debentures without the restrictive six-months provision. But these recommendations are no more—even less—acceptable than the ones just discussed, because they are definitely discriminatory. The proposal to make such direct loans is not part of a general policy of expanding open market operations. It has the character of a special favor, granted to particular classes of producers and, as such, would be liable to lead to abuse of privileges and misdirection of credit grants. In this plan also there is no hint of a desire to subordinate the federal land bank system to the federal reserve system with a view to developing a harmonious policy.

Prussian experience in attempting to provide credits on a suitable and reasonable basis to agriculturists and also to small business interests offers many valuable suggestions for the solution of the American problem of agricultural credits. The Prussian agriculturist was provided with a subsidized centralized government agency, the *Preussenkasse*, as a means of access to the credit facilities of the banks in the leading money centers for the financing of his short-time credit needs. This government lending agency was not only in possession of funds provided by the government, but it was able to dispose of paper of the various coöperative unions subsidiary to it and in that way obtain funds at reasonable rates for the use of its membership. It furthermore at times rediscounted with or obtained loans from the *Reichsbank* when the outside market was not favorable. There was a good deal of complaint to the effect that the bills rediscounted by it with the *Reichsbank* were purely in the nature of accommodation bills and represented fairly long-term loans. The *Reichsbank*, however, was not ruined by its practice of taking such paper; neither did the credit structure of the country collapse. But there was undeniably friction due to the fact that the president of the *Preussenkasse* was entirely independent of the *Reichsbank* management, and that his operations were at times calculated to interfere with the *Reichsbank* policy. There was also complaint at times from the industrialists that the agriculturists could, as a result of governmental policy as made effective through the *Preussenkasse*, get loans at stable and low rates even when the big industrialists and speculators were paying high.²²

The lesson of German experience appears to be that it is possible to make adequate and cheap provision for agricultural loans but that responsibility for the provision of such credits ought not to be given over to an institution that is independent of the central bank management. In the United States the establishment of a special central organization to care for agricultural needs would be even more pro-

²²*Cf.* W. Prion, *Das deutsche Wechseldiskontgeschäft* (Leipzig, 1907), sections relating to *Preussenkasse*.

vocative of trouble than in Germany for many reasons. The Preussenskasse, for example, did business with unions composed of coöperative groups organized for the purpose of obtaining loans that they were not able to secure directly. They were not reached by the large powerful banks and the countryside was not provided with small independent banks of the type found throughout the United States. There was more reason for building up a separate organization under such circumstances than there would be in this country where the organization of farmers into coöperative credit associations is a slow and difficult task, rendered all the harder by the fact that banks in the United States actually provide much of the relatively long-time and very long-time credits needed by the farmer.²⁸ Any central agricultural lending agency that may be established under government auspices in the United States will therefore have to do its principal business with the banks that rediscount with the federal reserve banks. Its operations in any case ought to be conducted within the limits set by a general policy and this becomes especially necessary when it has the same class of customers as have the central banks.

An emergency institution, such as the War Finance Corporation, for example, has had to conduct its operations chiefly by lending to banks instead of by making direct loans, and the lack of a definite agreement with the federal reserve banks has led to certain inevitable abuses. Complaint has been made with some evidence to support it, that banks have borrowed from the Corporation in order to pay their debts to the reserve banks, and have shown no disposition to become any more generous in their dealings with the public. Some of them have undoubtedly unloaded slow loans upon the Corporation which they could have continued to carry. In certain cases, the law designed to give the borrower the benefit of lower rates by providing that loans obtained through the agency of banks shall be negotiated at an advance not exceeding 2 per cent, has also been evaded through the addition of extra commissions. Control of credit by a method of indirection through intermediary lending agencies is difficult at best. It becomes well-nigh impossible if such intermediaries are permitted to obtain funds from two independent institutions that may be working to neutralize each other's activities. For administrative purposes only, a formal segregation from the federal reserve system of the agencies designed to bring about a more equitable distribution of agricultural credit may be deemed desirable. But it is very undesirable, if it involves independent policies in making loans, whether those

²⁸*Cf. Letter of Secretary of Treasury Transmitting Fifth Annual Report of the Federal Farm Loan Board.* On p. 6 complaint is made that numerous farm loan associations have pursued a selfish policy. The original members having satisfied their own needs become virtually a closed corporation or else cease to function.

loans are long-time mortgage loans or relatively short-time credits. In the case of mortgage loans, flotations of new issues need to be carefully planned at convenient seasons and to be put out in amounts and under conditions pleasing to the central bank authorities. In making provision for the intermediate type of loans, problems relating to seasonal needs have also to be faced. Unless an agricultural lending agency is to keep possession of unused resources during a part of the year, it must be in a position to rediscount or to obtain loans directly from other banks in the money centers. Hence the provision that the proposed credits departments of the federal land banks shall be permitted to rediscount paper with the reserve banks. It is believed that this privilege should be accorded, subject to rigid control by the rediscounting agencies. In other words, the proposal is endorsed in so far as it is virtually a seasonal expansion of operations on the part of the central banks themselves through the medium of subordinate and only formally segregated agencies.

Reference has already been made to problems of credit control in relation to loans against stock and bond collateral. Through direct dealings in and rediscount of loans collateralized by securities, the reserve banks could make their influence felt most effectively in the general investment field. They would be enabled at discretion to curb or to encourage a diversion of purchasing power in that direction by raising or lowering the rates charged for carrying investment securities in relation to other types of loans. It is sometimes hard to see the reason for the prejudice against such loans. It appears again and again even in the comments of those who concede the advantages growing out of the existence of organized security markets which are dependent upon such loans. But, it is asserted, undue accommodation of this sort leads to excessive speculation. Admitting that undue speculation in securities, as well as undueness in all things, is evil, it is highly illogical to concede the advantages offered by the organized security markets to investors as well as speculators and then to treat the loans which make such activities possible as shameful things—to feel that apologies must be made for granting them. The truth is that an efficacious credit policy can be easily developed in this field. The effect of a policy of withdrawing or adding to credit supplies is startlingly apparent in its effect upon call rates, and volume of stock exchange turnover. Under ordinary conditions it is fairly safe to assume that stable and reasonable rates will keep speculative demands within limits although, in a boom period, control may have to be enforced by resort to more drastic methods. If speculation is socially useful, a proper policy should see that funds are supplied on reasonable terms in reasonable amounts. If the nature of the demand is such that the banks can and do take advantage at times of the speculator,

it is to the detriment not only of the latter but of the rest of the community. The federal reserve banks should take as much interest in proper provision of funds to meet this demand as any other. They could aid in making that provision when necessary through open market operations, if legally permitted to do so.

The discussion of credit policy has so far dealt with rate variations chiefly in relation to control of the total amounts of credit supplied. It may now be asked whether it should be the policy of the federal reserve system to attempt to maintain a low level of rediscount rates, and whether it ought to aim at uniformity and stability of such rates. So far as long-time movements are concerned, the question resolves itself into a discussion of the best means of credit control. The reserve banks may at times have to restrain expansion by rationing, for example, but if they eventually are put in a position to influence market rates, they may normally be able to influence credit movements by varying their rediscount rates. In such case, upward and downward rate movements are to be expected. As regards seasonal or sectional rate variations, however, the problem is a distinctly different one. To the extent that seasonal demands for credit are regular and can be anticipated, the ends sought to be achieved by the establishment of a central banking system with an "elastic" currency are defeated, if the seasonally increased demands are accompanied by rate increases. Additional credit supplies to meet regularly recurrent needs ought not to involve additional expense to borrowers.

It is believed, too, that uniformity of rediscount rates as between districts should be aimed at by the federal reserve system, although it is recognized that the present imperfect control over member banks in high-interest districts may make it desirable to postpone the consummation of any such ideal. However, this is not a very strong argument, for in such districts the supply of credit which the reserve banks are prepared to furnish is the significant factor, and it is well known that rediscount rates have often been lower in districts where member bank rates on the average were very high than in sections of the country where interest rates were relatively low. Indeed it has never been possible to find a logical explanation for the differences in the rates actually enforced in the several districts, and it is notorious that relatively high rediscount rates in some districts induce member banks to borrow through their correspondents in other districts.

The relation of changes in discount rates to changes in the general level of prices is another question that has to be considered in any discussion of banking policy, especially as stabilization of the price level has been so frequently urged by Cassel and other writers as the objective of a right discount policy. It is, however, impossible to see

how any direct connection between the rates of the reserve banks and the general level of prices can be postulated, so long as member bank rates fail to register changes in rediscount rates. But even if member bank rates were responsive, it is not believed that there would ever be that instantaneous, predicable response to rate changes which appears to be taken for granted by those who urge that price indexes shall be employed as a guide to discount policies. In the first place, an endeavor has already been made to show that the amount of credit wanted does not always adjust itself readily to changes in the price charged for its use. In other words, demand is very imperfectly amenable to control through changes in discount rates. With apathy on the part of borrowers, low rates may not stimulate sales of credit, whereas, when demand is feverish, it may require drastic advances to bring about the desired reduction. Furthermore, without altering the general price level so far as indexes reveal it, credit may be turned into new channels, so that new price relationships will be established which will react upon the demand for credit.

It is not intended to deny that in a period of over-rapid development of business and speculative activity, the rediscount rates of the reserve banks might be raised high enough to place an effective check upon further credit expansion. But it has been pointed out that in many parts of the United States, the interest rates charged by member banks to their customers are at all times maintained at high levels. Therefore, in order to put a stop to the rediscounting activities of such banks in a period of growing business demand, the rates charged by the reserve banks would have to be in excess of what would be economically expedient (leaving out of consideration the obstacles that would be raised by public hostility to the policy). When member bank charges are too excessive to make it practicable to put rediscount charges on a level with them or above them, the alternative method of controlling the amount of credit supplied is by rationing or refusal to lend. When the rediscounting facilities of the reserve banks are not in demand, the central banking system will not in any case be enabled to enforce a credit policy by changes in rediscount rates. Under such circumstances, it can only exert an influence upon the outside market, if permitted to engage in direct lending operations as previously indicated.

At best, changes in discount rates are but a means employed to control the amount of credit supplied. The vital question is to decide how much credit shall be furnished. It may be asked whether formal reserve requirements are a good test for this purpose. Certainly such requirements are, theoretically speaking, irrelevant from the standpoint of those economists who conceive of credit as a refined form of barter which, if used in the process of exchanging goods, can

never become excessive. If one looks simply to goods, which means goods values, loans can be continually enlarged with excellent conscience by bankers, during periods of prosperity. No canons of sound banking need be violated and the banker cannot be blamed for resultant price rises. In the past, rigid reserve requirements have at least limited this upward movement and that is why they have a certain value despite their arbitrariness.

At the present time, the credit supply of the United States is, for all practical purposes, unlimited so far as reserve requirements are concerned. These requirements do not restrict the activity of member banks since reserves can be expanded so long as the federal reserve banks consent to rediscount. Moreover, fear that cash payments may be demanded in excess of ability to pay (ordinarily a constraining factor even if there are no legal reserve regulations) no longer exists, since rediscounts can be obtained in the form of reserve note issues. The law does place a limit to the expansion of the liabilities of the federal reserve banks themselves on the basis of reserves held, but the limitation is not absolute although it might under circumstances be useful as a protection against political importunity. At present the reserves of the system are so abundant, however, that they are a menace rather than a protection to a conservative credit policy.

The relation of discount policy to the control of gold movements is also of no practical importance at this time, although in the past European discount policy has been chiefly devoted to attempts to control international gold movements. Perhaps that is the reason why a study of central bank practice in other countries has thrown so little light on problems of domestic credit policy. If the views already set forth are accepted, it must be conceded that control of gold movements comes to be a subordinate affair. If or when the gold standard is reestablished in international dealings, the best policy for the federal reserve banks to pursue would be to ignore minor gold movements in the belief that the system has enough surplus gold to withstand temporary drains. If heavy withdrawals of a persistent sort occur, the question of discount policy becomes a different and more formidable one. A movement of this sort resulting from domestic inflation which has stimulated imports and discouraged exports calls for higher rates in the interest of credit contraction, but such higher rates should be imposed not because of the gold movement but because the gold movement is an index of the need for credit restriction within the country.

If the manipulation of discount rates with a view to stabilizing the general price level appears to be an unworkable formula, if reserve requirements have lost any significance they may have possessed, and if gold movements have become of subordinate importance, is there any

guide to credit policy that can be adopted? There is certainly no rule or set of rules that can be applied mechanically because the problem is too complex and too tremendous. What is needed first of all is a fuller knowledge and better analysis of the physical facts of industry, and until that is achieved, there is no device known to credit policy that will greatly mitigate the evils due to the periodical ups and downs characteristic of a credit economy. How can a complex industrial society almost entirely dependent upon the use of credit be intelligently guided or controlled when the basic facts concerning current production and current needs are so imperfectly known? A beginning has been made with the systematic collection of production statistics and the organization of business reporting services on a disinterested, scientific basis. But the information made available can hardly have offered much help to bankers as a guide to credit policy because so far reporting services have either been confined to statistics of production without adequate analysis of markets or else they have had a fatalistic aspect, predicting what is going to happen on the basis of past experience (for that is all that is achieved by plotting lines of secular trend). So far as this latter type of reporting service is concerned, it may be conceded that it is interesting to forecast on the basis of a careful assembling and analysis of facts about what stage has been reached in the cycle of prosperity or depression through which business is passing. But a business reporting service to be of use to the public, to industry, and to the banks must offer something more than solace to the inquiring mind. Business statistics are not particularly valuable merely as an aid to guessing where we are in the business cycle or as a means of enabling the astute either to take chances successfully or to get out from under. If business conditions reports are to be used as a guide to credit policy they will have to disseminate information with a view to mitigating the violence of industrial ups and downs by preventing productive maladjustments due to ignorance of market conditions.

Reporting services that emphasize only the productive facts of industry are equally unable to meet this need. During a period of business expansion, a wonderful showing may be made in volume as well as in value of output. It was made during the recent months of prosperity. Business conditions reports dealing in production and sales figures radiated enthusiasm. Scarcity and the need for increasing output were everywhere emphasized. Complaints of the inadequacy of permanent equipment and admonitions to save to provide that equipment were the stock in trade of the business moralist. The trouble with all these sales and production figures was that, although real enough and seemingly substantial even allowing for inflated values, they were an index to expectations—they had still to stand the test

of effective final demand. Such statistics need to be judged in the light of an elaborate study of markets." It is necessary to know not only how much has been produced but whether there is likelihood of the demand being great enough to take off the supply at a profitable price. Likewise in case of a sudden failure of demand, it is necessary to face the vexing question of how far it is legitimate to withhold surplus supplies from market for the sake of higher prices later. The solution of this problem requires a knowledge that goes beyond production statistics. Suppose, for example, that the supply of a certain commodity is "normal" but some ill chance renders a good part of the usual demand ineffective. Confusion of counsel results. One group of advisers says sales must be forced and debts paid—to delay is to speculate for a price rise. Another group urges holding with a view to obtaining eventually the prices originally hoped for, irrespective of the nature of the causes that have destroyed the market demand. The dangers of yielding to either type of extreme counsel are perfectly obvious. In the one case, forced sales on an already falling market bring crushing and undeserved losses to certain groups of producers. In the other case, holding, if successful, may mean a policy of restriction of supply at the expense of the whole community with the result of turning over a greater part of the social income to a particular group. If the withholding is carried to an unreasonable extent

*It is interesting to note the insistence of members of the Agricultural Conference (Washington, January, 1922) upon the need for full and frequent statistics relating not only to agricultural production but also giving information as to the stabilization of the markets for products. This points to a general recognition of the fact that no plan to stabilize prices of particular commodities can hope to succeed simply by enlarging, changing, or liberalizing the existing credit system. So long as the supply of agricultural commodities is in excess of demand at remunerative prices, it is recognized that any attempt at stabilization is capable of only limited application at best. So long as producers are ignorant of the markets open to them and unable to estimate the scope of the consumptive demand, sharp advances and declines in prices are certain to occur. It is admittedly difficult to adjust production to demand in the case of agricultural products which are so greatly affected by circumstances over which the producer has no control, but there has come to be a very general recognition of the fact that more adequate statistics would at least give a greater measure of control over output and prices. Therefore the Conference expressed its conviction that there was need for a knowledge of foreign as well as domestic buying demand and endorsed participation in a conference looking toward the economic and financial reconstruction of Europe. The recommendations of the Committee on Agriculture and Price Relations stated among other things that, "owing to the large volume of American agricultural products which must necessarily be sold upon foreign markets, it is impossible to formulate a satisfactory policy for American agriculture without a complete knowledge of the course and direction of recovery of agricultural production abroad." It recommended therefore that the Department of Agriculture proceed to make periodically available information with respect to production and demand. The Conference also approved thirty-seven recommendations of the Committee on Crop and Market Statistics requesting the compilation and distribution of returns on production, stocks, condition, prices, and other factors entering into the marketing of crops and live stock.

it not only penalizes all consumers of such products but may defeat its own ends by merely deferring the day of reckoning. Such problems are much more complicated in a period of general but unequal price declines than they are when limited to particular commodities. In the latter case there are usually standards of fairness and reasonableness whose maintenance can be urged. In the former case the only standards are those of relativity. If therefore any reasonable guide to action is to be found, there must be a painstaking study of all the factors involved. Not only must supply on hand and in prospect be appraised, but demands must be forecast. An effort must be made to find out whether reduction in buying demand is of a temporary or of a permanent sort—whether it is limited by physical needs or responsive to price changes. Only then can a policy of price equalization by means of credit extension be intelligently undertaken with a view to spreading price losses over the community as a whole. Mistakes cannot be avoided as only omniscience could prevent their being made, but at least the policy adopted will not be haphazard.

The untenable results reached by insistence upon the desirability of physical increase in production without reference to the relation of production to effective demand is strikingly illustrated in the answer of the Federal Reserve Board to the Senate resolution of May, 1920, asking what steps were being taken to control inflation. In its answer the Board stated: "Every effort should be made to stimulate necessary production, especially of food products, and to avoid waste. Planting operations in many sections have been delayed because of adverse weather conditions, and should there be an inadequate yield of crops this year the necessity for conservation and conservatism will be accentuated. War waste and war financing result inevitably in diminished supplies of goods and increased volume of credits. The normal relationship between the volume of goods and the volume of money and credits thus unsettled can be restored in either of two ways—one, the drastic method of contraction of credit, and the other, by far the more desirable way, increased production. In the same way progress toward the restoration of the normal relationship may be made by reducing credit more rapidly than production is diminished, or by increasing production at a greater rate than credit is expanded. If it should prove impracticable in the existing circumstances to increase essential production, then we must through economy in consumption and through moderation in the use of credit check the tendency toward a further widening of the margin between goods and credit."² When

²Elsewhere in this same statement it is made to appear that trade and industry must after all "accommodate themselves to the actual supply of capital and credit available." Capital in this connection probably means savings deposits, as the preceding sentence says: "There is a world-wide lack of capital, and with calls upon

this statement was made, the problem of disposing of surplus stocks of commodities at prevailing prices was already becoming acute. The hope here expressed that large crops will be raised is in sharp contrast with the rejoicings over the short cotton crop of the past year.

But quite apart from the question whether it is desirable to produce more, the statement contains a fallacy in that it appears to indicate that production can as a matter of volition be increased or decreased while the volume of bank credit remains stationary or else expands or contracts at quite different rates. So far as bank policy is concerned, however, the effect on production of increasing credit supplies can only be felt through price changes in particular goods due to the diversion to their purchase of more credit or purchasing power. By raising the prices of such goods in relation to other goods, banks stimulate the production of specific kinds of commodities. But only to the extent that these shifts of purchasing power bring about a better adjustment of productive factors, is any influence exerted on the sum total of produced output. That is why accelerated activity in lending usually reflects itself in price increases. Only as factors over which policy has little or no control increase or decrease the volume of physical output, is this tendency to price increase counteracted or enhanced. Among such factors may be mentioned good weather or bad, making for large or small crops; industrious application or negligence, making for more or less output per worker; rate of growth in population; pace of invention, etc. Consequently it is useless to urge increased production as an alternative to credit contraction as a means of correcting the ravages of inflation. If inflation is to be stopped, it has to be at some cost. It is always accompanied by undue stimulation of some types of productive activity and when policy calls a halt, sharp drops in prices of such commodities will occur, which will have as a corollary the demoralization of the markets for other goods and services. The policy of extending credit to the holders of surplus stocks may for a time enable their owners, so to speak, to escape loss by purchasing their own goods. But eventually the fact of maladjustment will have to be faced. It will have to be recognized that there is no outside market to absorb goods at prevailing prices. If through policy it were possible to enlarge supplies of goods at such a time on the theory that the possession of goods constitutes an effective demand for goods, the confusion would be worse confounded. Prevention through knowledge—not succor following disaster—is the goal of a successful credit policy.

the investment market which cannot be met there is an unprecedented demand for bank credits." This suggestion that capital and credit are fixed quantities is surely in contradiction to the admonition to manipulate the amounts outstanding in order to introduce new relationships between goods and credit.

An effective credit policy in the nature of the case implies a measure of monopolistic control. Hence there is need for delegating that power of control to a disinterested central banking management, whose policy is unhampered by considerations of profit. The provision of credit in economically advanced countries has come to be as public—possibly more public in its nature—as the issue of money by governments. Hence there is no escaping the demand that a credit system shall be managed in the interest of all the people, that credit supplies shall be available on equitable terms to all sections and to all economic groups. A central banking system which tries to limit its operations to particular types of credit advances is only functioning imperfectly. The credit policy of the future must recognize responsibility for seeing that a balance is maintained among all types of demand for credit.

In conclusion, the chief points covered may be summarized as follows: (1) An attempt is made to define capital and interest in a workable and consistent manner with a view to making the definitions valid for the purposes of a discussion of discount and credit policy. (2) The position is taken that banks are creative institutions that do not function automatically in a ready-made economic milieu, although their activities are necessarily conditioned by environment. (3) Reasons are given to support the belief that a credit policy to be efficacious must embrace all types of credit operations, both long-time and short-time (investment and commercial). (4) Limits to the efficacy of changes in discount rates are discussed, both in general and more particularly in the case of the federal reserve banks; and it is maintained that the influence of rate changes as a means of credit control has been exaggerated. (5) The defects of various proposed guides to credit policy are reviewed and the need for fuller information in regard to the facts of industry is stressed.

ANNA YOUNGMAN.

THE COMMERCIAL IMPORTANCE OF RUSSIA

Russia is as prominent on the map of discussions as in the atlas. The import of breakdown of industry and transportation in Russia has been underestimated; the meaning of famine has been overstressed in the economic sense, though hardly possible of exaggeration in the human sense. The problem of Russia is not merely an internal situation involving a catastrophic experiment in communism; it is a problem in international commerce. It is my purpose to undertake an appraisal of the utility of Russian commerce to the nations with which she traded and to determine in what ways and to what extent a functioning Russia is important to her western neighbors and to oversea countries.

It will be advantageous to state in the beginning the conclusion to which a consideration of the pre-war affairs of Russia leads, namely, that Russian commodities are of greater importance to the world as expressions of buying power than for their physical and chemical qualities. The commodities that before the war originated in Russia can be found elsewhere in the world, but the trade relations are not reproduced when this is accomplished. It is natural to exaggerate the physical importance of commodities. Economic processes are not visible in the same way. It is difficult to secure a panoramic view of world trade in which the utilities of commodities in barter are revealed in perspective. We exaggerate the physical importance of commodities that used to be obtained from Russia and underestimate the exchange processes of which the commodities were the material aspects.

Let the facts be first established. Consider Europe before the war, including the United Kingdom, as separate from Russia and engaged in trade with Russia on the one hand and oversea countries on the other. It is difficult to make exact comparisons between pre-war and present conditions, because of the secession of Finland, the East Baltic States, Congress Poland and Bessarabia, but the evaluations may be carried through without substantial error. Although Europe, thus defined, contained states that were food exporters, most of the countries were food importers. Of pre-war European countries, Austria-Hungary, Bulgaria, Roumania, and Serbia produced more food than was consumed within their borders and exported more than they imported. The other nations of Europe produced less than their requirements and imported more than they exported. Considered as a unit, Europe was a huge importer of food, feeds and raw materials. These imports came from Russia or from oversea countries (disregarding Algeria and the other adjacent Mediterranean areas). The importations of Europe from the two sources, Russia and overseas, were delicately balanced.

The datum line of price was Liverpool; the final place of cancellation of bills of exchange was London.

Europe did not pay for imports of commodities with exports of commodities. Imports exceeded exports. The excess of imports over exports of goods was rising before the war; the standard of living was being expanded more rapidly than production. The annual difference between imports and exports of goods was paid for with returns on foreign investments, services rendered in shipping, insurance and other directions, remittances of emigrants and expenditures of tourists. Net new savings in Europe were falling before the war, and had possibly declined to a figure below that of income from foreign investments. In so far as the balance of imports over exports of goods may have been paid for by returns on foreign investments, this meant that the standard of living of Europe was in excess of current earnings and was being maintained out of the savings of previous generations.

Many factors of income and outgo coöperated to produce the position of equilibrium that characterized the trade of each year. What each nation imported was the expression partly of the goods it had to export in payment, partly of physical need, partly of the intensity of the psychological factors of valuation, and partly of the requirements of plant and tool expansion to correspond to increase in population. What Russia and the oversea exporting countries had to offer Europe was less the expression of their productive capacity than of the consumptive capacity of Europe. The consumptive capacity of Europe, the buying power of European commodities and invisible resources, were the determining factors in production in Russia and in the oversea countries, in so far as related to trade with Europe, and not with each other and with other portions of the world. The trade with Europe was however the largest fraction of international trade.

Russia and the oversea exporting countries had many characteristics in common. Like South Africa, Australia, Argentina, Canada, and to some extent the western United States, Russia was in the extractive state of development. She exported raw materials largely and, with the exception of cotton, imported principally manufactured goods. She required each year increments of foreign capital, to be paid for out of excess of exports over imports of commodities. The most intensive area of industrialism in pre-war Russia, Congress Poland, is no longer contained within Russia. In the next years Russia will be an extractive country to a greater extent than before the war. She will compete with Canada, Argentina, and Australia for capital on the basis of efficiency of production of agricultural and other raw materials, if undisturbed by political conditions.

I have said that the output of Russia and the oversea countries supplying materials to Europe were not expressions or measures of

their productive capacities, but responses to the consumptive capacity of Europe. The limitations lay with the buyers. These countries could have produced far more materials had a larger European market been available. When any one country supplying Europe with goods underwent an eclipse, for any reason, it lay within the power of the other exporting countries promptly to replace the deficit.

The following tables present figures for the average imports and exports of Russia in the five years before the war. No claim of exactness is made for these estimates. It is impossible in the trade statistics of the different countries of Europe clearly to separate transit trade from importation for consumption. The trade of Russia with the oversea countries is not fully expressed in the figures, for the reason that oversea commodities were obtained by her through European countries. Students of international trade statistics are fully aware of the difficulties encountered in estimating the balance of trade in commodities. If one takes the figures of a particular country for values of goods imported and exported, a certain figure in balance is obtained. If, however, one traces the imports back to the countries of origin and the exports forward to the countries of destination and obtains in these countries the figures for the values, he secures a different result. Governmental statisticians seem agreed that the figures of a country for import are more reliable than the figures for export in terms of value; and that in general a fairer balance of trade is obtained by using for imports the figures of the country and for exports the values placed upon them by the countries of destination. That these considerations cannot be neglected is shown in the attempt to fix a figure for the balance of trade of Russia. Accepting Russian data on imports and exports, we secure the following figures for average imports and exports of commodities in the five years before the war.

RUSO-EUROPEAN TRADE

(in million dollars)

Exports from Russia	670
Imports into Russia	421
	<hr/>
Positive balance of trade	249

If we accept the figures of countries of origin for imports into Russia and of countries of destination for exports from Russia, we obtain the following figures:

Exports from Russia	988
Imports into Russia	311
	<hr/>
Positive balance of trade	677

If now, adopting the experience of governmental statisticians, we accept the Russian data for imports and for exports the data of countries of destination, we secure the following figures:

Exports from Russia	988
Imports into Russia	421
	<hr/>
Positive balance of trade	567

The figure for value of exports is too high. The German figures for imports from Russia are f. o. b. point of departure in Russia, while British figures for imports from Russia are c. i. f. port of destination in the United Kingdom. In the figure of 988 million dollars is included therefore an indeterminate figure for services in freight and insurance due Great Britain and other countries also.

Considering now the oversea trade of Russia (including Japan and China but not a number of little states that comprehend less than five per cent of the trade) we secure the following picture. Taking the Russian data for imports and exports we arrive at the following:

RUSSIAN OVERSEA TRADE
(in million dollars)

Imports into Russia	97
Exports from Russia	24
	<hr/>
Negative balance of trade	73

If we employ the data of countries of origin and of destination, we secure the following figures:

Imports into Russia	70
Exports from Russia	34
	<hr/>
Negative balance of trade	36

Employing now the Russian data for imports, and for exports the data of the importing countries of destination, we secure the following figures:

Imports into Russia	97
Exports from Russia	34
	<hr/>
Negative balance of trade	63

Combining the figures for positive balance of trade with Europe, 567 million dollars, with that for negative balance of oversea trade, 63 million dollars, we secure a figure expressing the final balance of Russian foreign trade, 504 million dollars. The debacle in Russia has compelled Europe to attempt to transfer this trade with Russia to oversea countries.

This figure looks high. It may be a hundred million too high. Russia had few invisible resources. Russian emigrants dispatched

small remittances. Tourists spent little money there. To other countries she rendered few services of the nature of shipping and insurance. Russians had few investments abroad. For practical purposes, therefore, we may disregard her invisible resources and thus her commodity exports represent her total exports. In each year, however, Russia borrowed abroad more money for improvement of transportation, development of industries, military purposes, and to pay interest charges. Russia was the site of many foreign investments. She had been the recipient of large foreign loans, governmental and private. She used considerable foreign shipping and insurance. Russian resources were employed abroad to an extensive but indeterminate extent in developing foreign political policies. Russian profligates wasted considerable sums in riotous living abroad. A large but indeterminate part of the visible balance of trade was used to pay for armament, military equipment of all kinds. Military supplies in large part were not included in the imports of Russia. These were purchased abroad on secret contracts, at grossly extravagant rates, often including a heavy graft. The balance of exports over imports of commodities was employed principally to pay fixed charges on foreign capital (interest and amortization) loaned to or invested in Russia.

The figures for Russian commerce, like those for Russian production, are unsatisfactory. Any estimate of the total balance of trade is to be regarded as approximate and inconclusive. It is regrettable that a more clear-cut presentation is not possible; but in the nature of the data available, a more scientific statement is not warranted.

The foreign trade of Russia before the war was nearly four per cent of total international trade in terms of value. Russia ranked sixth in the order of exporters, ninth in the order of importers, and seventh in the order of monetary value of total foreign trade. Germany had the largest commerce with Russia. She supplied one third of Russian imports and took one fourth of Russian exports. The United States ranked third as exporter to Russia, but imported little from Russia.

The products of a large country like Russia are naturally diversified. Most of her activities Russia shared with other countries. In one product (platinum) she possessed a monopoly; in another (flax), a position of preëminence. An appraisal of the material utility of Russian products must rest upon a survey of the products of other countries. We have first to measure the commodities freely produced elsewhere in the world as well as in Russia; and finally to consider the particular commodities in whose production Russia occupied a predominating position and determine to what extent new sources of supply elsewhere in the world have been uncovered and to what degree the articles have been replaced by substitution.

The chief items of export were products of the soil. Of the total exports, cereals represented more than half in value. The following table indicates the average exports in the five years before the war.

Barley	167	million bushels
Wheat	161	" "
Oats	63	" "
Rye	29	" "
Corn	26	" "
Potatoes	7	" "
Flaxseed, sunflower seed and other oil-seeds..	600,000	tons

The figures for cereals are more certain than for oil-seeds. The exportation of oil-seeds and derivatives was an important fraction of Russian trade. In values and calories the oil-seeds exceeded oats, rye, or maize and indeed almost equaled the three, being surpassed only by barley and wheat. The chief buyers of Russian grains and oil-seeds were Germany, the United Kingdom, the Netherlands and France, in the order named. The table serves to illustrate the large contributions made by Russian agriculture to man and beast in Europe.

War and communism have erased for the time being the surplus-export productivity of Russia and her export functions have been taken over by other countries. I am well aware that statements as to replacement of Russian grain and oil-seeds by grains and oil-seeds grown elsewhere in the world stand in contradiction to numerous gloomy forebodings with respect to limitation of world agriculture. It is however established in fact and clear in theory that the world has by no means reached the limits of available acres. There is still a reserve in world agriculture that is responsive to demand on the basis of price. A comparison of the total acreage under cultivation in the United States, Canada, Argentina, Australia, and India during the pre-war period, during the war and since the war will illustrate the capacity for expansion that has become actual in response to demand. The danger of Europe lies, first, in the fact that the elimination of one large surplus-producing country, like Russia, increases the hazard of crop failure elsewhere in the world; and, secondly, in the fact that the continued operation of increased acreage overseas from year to year must be maintained by such growers' prices as are regarded as remunerative. Australia, Argentina, Canada, and the United States are able to take over and regularly contribute the two hundred million bushels of bread-grains that Russia used annually to send to Europe. Naturally, the farmers would like to know how long the enlarged demands are prospectively to be continued, in order to plan acreage. This enlarged operation would represent no burden to the agriculture of these countries, if prices were remunerative and unusual crop failures did not intervene. During the years 1907-1914, we exported a

net average of 3,130,000 long tons of bread grains and flour; during the years 1915-1921 the average net export was 6,425,000 long tons. Before the war the average annual export of Russia was about 5,000,000 tons. Thus the United States alone has taken over two-thirds of the task of replacing the Russian bread-grains.

The same situation applies to feed-grains and oil-seeds. No one can offer Europe the barley she secured from Russia; but since this was feed-barley, it could be replaced by other feed-grains. The United States and Argentina have corn and oats enough to replace the barley, oats and corn exports of Russia. Europe has not taken them. To replace the oil-seeds of Russia, the tropics offer cocoanut, peanut, cotton seed and soya bean in quantities that are relatively unlimited.

So far as grains and oil-seeds are concerned, therefore, the agriculture of oversea countries has completely replaced the exportable surplus of Russia. Whether this continues in 1922 and farther, depends on crop hazards and prices. If we have a crop failure in the North American wheat belt this year, if the exportable surpluses of Australia and Argentina are much lower than forecasted, if wheat farmers in the four principal exporting countries find the price unremunerative and reduce acreages, then it may develop in the winter of 1922-1923, or later, that the export wheat supplies of the world do not equal the requirements of Europe. Barring an unusual coincidence of crop failure in northern and southern hemispheres, the danger of wheat shortage from limitation of acreage through price considerations exceeds danger of shortage through hazard. On account of conditions in the growing of oil-seeds, a shortage through hazard or reduction of operations is not to be feared.

One of the principal exports of Russia was flax, of which in good crop years before the war upwards of a quarter million tons were exported. Russian flax was for the largest part coarse and not of superior commercial grade. Outside of Russia it was used to a lessening extent in wearing apparel and in the home, linens of finer grade produced in other countries being preferred. It was, however, important for many technical uses. Russian flax was worked into goods largely in factories in the United Kingdom, and these have been hard hit by lack of the raw material. The lapse of Russian flax has not been made good by replacement with flax from elsewhere in the world. In Argentina, Canada and in our country flax is cultivated for the seed, and these countries have not attempted to replace the Russian fibre. At the high price of linen, substitution has been actively undertaken. Efforts to imitate linen by processing of cotton have been so successful in Germany that technical tests are required to distinguish the two fibres. Coarse grades of flax have been replaced by hemp, manila and jute. Long-fibre cotton is able to replace linen in many

uses. Finer grades of linen have been replaced by mercerized cotton and silk. In part, the deficiency remains and the world is making the best of it. It would be stretching the word essential to denominate Russian flax as essential to the industry of the world today; desirable it would be at a price, but not essential. What has been said of flax holds for the less valuable hemp.

Butter, eggs, and poultry occupied an unusually prominent position among Russian exports. The value of the export of these products exceeded considerably that of petroleum. Russia exported considerable timber, though much of it came from Finland. Unquestionably in the distant future the forest resources of Russia will prove of particular importance to Europe, but they are dispensable in the immediate future. Russia was an exporter of sugar, but there is no shortage of sugar. Furs, bristles, wool, caviar and tobacco were particular exports. The world has dispensed with these or replaced them.

Three particular exports remain to be considered. Russian petroleum has enjoyed a prominence in world trade out of proportion to the quantity involved. The Russian oil fields were approaching exhaustion with current methods of mining. Crude oil may become scarce in a decade; but existing stocks and the plane of production elsewhere indicate that for the immediate future the output of Russia is not essential.

Russia was once an important source of manganese ore. During the war development of manganese was greatly enlarged and the mines of Brazil and India are more than competent to cover the requirements of the steel industry of the world. It is questionable whether Russian manganese at the production costs of ten years ago could compete with Brazilian manganese in the market of today.

The Ural Mountains contain invaluable deposits of precious metals. The output of gold had fallen before the war to a small figure compared to the output of the world. But it is important to Russia as a basis for her circulating medium. Before the war Russia supplied nine tenths of the platinum of the world, the output being from twelve to fifteen thousand pounds. During the last three years of the war, platinum deposits were uncovered and developed elsewhere in the world. The pre-war platinum production of Russia would probably now constitute three fourths of the platinum production of the world at comparable price. During the war the world was combed for platinum and at the close of hostilities relatively large amounts were in the hands of the allied governments. The price was controlled during the war; the present price of platinum is something more than double the pre-war figure. With respect to the uses of platinum in the arts, sciences and industries, it may be said that the art use of platinum is being expanded, particularly in jewelry, while the technical use is

receding. By this I mean that year after year cheaper alloys are devised, capable of replacing platinum for particular uses. There are places where platinum is scarcely replaceable, as on the Wheatstone bridge. The best magneto breaker points are platinum. It is widely used as electrode and catalyzer. Its use as a chemical reagent is restricted. In some manufacturing processes it is irreplaceable; in other uses, a question of price. The disappearance of Russian platinum has not made platinum expensive in the world, contrasted with the index number of wholesale prices in general, on account of stocks accumulated during the war. The present consumption of platinum is, however, greatly in excess of production, and at some time in the near future the price of platinum will rise. At a certain price, substitution will occur to such an extent as to check further advance. Important as platinum is, it is not critically essential to the world in the sense that if the Russian mines are not reopened this year or next, the world will face a catastrophe in the arts, sciences and industries.

The chief pre-war import into Russia was cotton, raw and manufactured. More than half the cotton came from the United States. The second large item was metal goods—hardware, tools, wire, nails, corrugated iron, agricultural implements, and machinery of all sorts. The leading source of supply was Germany. A third important import was tea from China and India, controlled by the British trade.

The exports of Russia having lapsed, her imports must lapse unless paid for with gold or concessions, or secured through credits. Despite appreciable imports within recent months that were paid for with gold, Russian imports have remained on a level utterly insufficient to her needs. Empty trains have come to the ports of the Baltic to carry in the meagre volume of imports. The reported exportation of goods, exclusive of gold, from Russia in 1921 amounted to a little over eight million dollars.

When one surveys the importations of the several countries of Europe during the past three years, one observes that the materials previously imported from Russia have been secured from overseas. The volume of wheat and rye imported into Europe last year approximated the normal, but the countries of origin were different. Importations of feed-grains and oil-seeds have however remained much below the pre-war volume. As a result, the average output of milk and meat per unit animal in Europe is much below the pre-war figures. Europe marshals her imports in a certain order. The buying power of wheat in Europe has been very high and this has favored importation of wheat. Preference for wheat over feed-grains corresponds to priority of bread over meat, though lack of feed-grain and scarcity of mill-feed, due to high extraction in milling, have resulted in reduction of dairy products, whose scarcity is severely felt.

Since Europe is securing *from overseas* the same volume of bread-grains that she used to secure *from overseas and Russia*, what difference is it to Europe whence the source of these supplies? If Russia were producing feed-stuffs and oil-cakes available for export, would Europe be able to buy them from Russia in larger volume than she is now importing them from oversea countries that have them in abundance? Europe would prefer to buy from Russia 200 million bushels of bread-grains and from overseas 350 million bushels rather than to purchase from overseas the entire 550 million bushels. Europe would be able also to purchase from Russia feeding-stuffs that she is unable to purchase from overseas. Her power of paying Russia with commodities is a different thing from her power of paying oversea countries with additional commodities. Russia was the natural market for the manufactures of central and western Europe. The people of Russia are in serious need of goods previously obtained from Europe, whose manufacturing plants possess the tools necessary to produce goods in accordance with customary Russian specifications. Oversea countries are not in serious need of more commodities from Europe. Germany could exchange metal goods for sunflower seed from Russia much more easily than she can exchange metal goods for cotton seed from the United States. Nor is it readily possible to effect these exchanges through substitution of triangular or quadrangular trades. It is today not possible for Germany to buy cotton seed from the United States, send textiles to Russia, and have Russia pay the United States for the cotton seed with flax and platinum. The trade of the world is still disorganized, and triangular and quadrangular transactions that used to be effected at a central point of exchange are not yet working normally. Australia, Canada, Argentina, and the United States have the wheat, rye and feeding-stuffs required by Europe and could furnish them all, instead of joining with Russia in the supply of the needs of Europe, as was the case before the war. The needs of the oversea countries for the goods that Europe is equipped to offer are limited. The needs of Russia for the goods that Europe is equipped to offer are very great.

The differences between Europe's power of paying Russia and her power of paying oversea countries are qualitative and quantitative. In the qualitative sense, Russia has certain requirements in goods that could be supplied by Europeans, for the manufacture of which they are tooled up and to which their processes are adapted. Additional commodities that might be acceptable to the United States, Canada, Australia, and Argentina would be different. Europe is not in position to cater to new needs of these countries as she would be able to cater to the old needs of Russia. In the quantitative sense, the centralization of the trade of Europe becomes excessive. From oversea

countries Europe must buy copper, nickel, zinc, petroleum, tin, wool, rubber, silk and cotton, to mention only important goods, and two thirds of her import cereal needs. To add to this bill of imports a huge additional sum to cover all her import cereal needs, exceeds the capacity of Europe to focus her commerce. If the oversea countries are to bear the total burden of supplying grain to Europe, they must develop a consumptive capacity for available European commodities with which these may be paid. Such consumptive capacity exists naturally in depleted Russia, whose plane of consumption is low. But suddenly to add further increments to the consumptive capacities of the United States, Canada, Argentina, and Australia, where the standards of living are already high, is difficult and not to be achieved in a day. Unless these nations can use the goods which Europe is equipped to offer in return for grain or dispose of them elsewhere in the world, they would be saturated with customary European commodities for the time being. The more the sources of supply for Europe are centralized, the more focussed becomes the export trade. What Europe requires is diversification of trade, not centralization, because diversification means a wider export market.

The fundamental relationship can be illustrated specifically with two commodities, tea and cotton. If Russia buys no tea from India and China, these countries buy less of British cottons. Spindles stand idle, men are unemployed, the imports of cotton from Egypt and the United States are reduced, British shipping, insurance and banking decline, and cotton dams back in producing countries. The illustrations with cotton can be carried farther. The farmers of Argentina by planting the easily available acres are able to increase their exportation of wheat, let us say, 60 million bushels, one third of what Russia used to furnish Europe. Can these farmers, or indeed the entire people of Argentina, at once develop a consumptive capacity corresponding to the increment of wheat production? Does Argentina, when replacing Russia to this extent, increase her consumption of cotton to the extent of one third of the usual Russian import of cotton? Certainly not. Before the war cereals formed one half of Russia's exports, and cotton one sixth of her imports. The countries that have replaced Russia in furnishing cereals to Europe have not increased their use of cotton to the extent represented in the volume previously taken by Russia. If the peasants of Russia, not producing a normal crop and existing on a plane of living subnormal even for them, were this year to produce an increment of 100 million bushels of wheat for export, they would display immediately a corresponding consumptive capacity in cotton. When Russia exported 160 million bushels of wheat, she expected to be paid in commodities. When Canada, Argentina, Australia, and the United States expand 160 million

bushels, they expect to be paid in gold. The proposition remains fundamental, whether applied to a whole country or to an individual. The consumptive capacity that corresponds to the wheat required by Europe annually will be difficult to maintain in the United States, Canada, Argentina, and Australia on top of the customary conditions of living. If the situation were to be permanent, Europe might develop new goods to meet new needs; but consumption of traditional European goods is not easily expanded. The corresponding consumptive capacity (the market) stands waiting in Russia.

Surveyed either from the comparative standpoint of total values or by articles, it is clear that what the world misses today is not Russian production but Russian consumption. The Russian wheat is more valuable as money than as bread-grain. The importance of Russia to the world lies primarily in her consumptive capacity and secondarily in the commodities that have lapsed. The world has replaced the commodities themselves with relatively little difficulty; the consumptive capacity is replaced with great difficulty. In particular, the cultivation of additional consumptive capacity in the world is difficult when passing down-grade on a business cycle. The effect of raising more grain in countries that are already heavy exporters does not extend widely outside the industrial life of those countries. But the withdrawal from the trade of the world of the buying power represented by 200 million bushels of wheat and rye in Russia, not to mention the feeding-stuffs, extends through a network of ramifications that enter every civilized country.

Russia, previously contributing 160 million bushels of wheat to Europe, cannot import a reciprocal volume of goods because she has no wheat as payment. The countries that have raised an additional 160 million bushels of wheat find it hard to market the grain because their consumptive capacities in imports have not been expanded in proportion. Because Russia has not 500 million dollars' worth of exportable grain and oil-seeds, she cannot purchase goods to that value from producers and manufacturers the world over. Russia has been easily replaced as a producer; she is to a material extent irreplaceable as a consumer.

The countries of western Europe (ex-allied, ex-enemies and neutrals alike) seem united in the view that the desired economic restoration of Russia predicates the recovery of Russian production of foods, feeds and industrial raw materials, but does not include the revival of Russian manufactures. The desire of Europe contractually to restrict Russia to production of raw materials is in agreement with the thesis of this presentation, whatever may be thought of the policy from the standpoint of political morality. We may expect to see capital advances denied Russia for purposes of industrial rehabilitation

and extended to her—in some directions in return for concessions—for restoration of agriculture, forestry and mining. The time element is of especial importance. If Russia is to recover soon, that will indicate one kind of policy for Europe and the oversea exporting countries. If recovery is to be long delayed, that will involve a different policy for both. Immediate returns cannot be counted upon, even if reconstruction of Russia were at once got under way through coöperation of European capital with the present Russian government. For reasons that have been illuminatingly and judiciously stated in the article by E. Dana Durand in the February number of the *Quarterly Journal of Economics*, material surpluses for export will not be easily attained during the next few years, either in Russia or in Eastern Europe.

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THE CIRCUIT FLOW OF MONEY

The daily expenditures by consumers for new consumers' goods, upon which business stability largely depends, are determined in part by the total volume of money in circulation, in part by other factors including the frequency with which that money is returned to consumers. The flow of money, therefore, from use in consumption to another use in consumption should not be overlooked in studies of the causes and conditions of business fluctuations. It is the purpose of this paper to describe certain aspects of this circuit flow of money, to raise the question whether it does not deserve more attention that it has yet received in our analyses of business cycles, and to suggest pertinent lines of investigation. Unfortunately, the statistics upon which the most important conclusions concerning this subject must be based are not at hand and are not likely to be for a long time to come. The following discussion will have served its purpose if it stimulates further inquiry in profitable directions and helps to hasten the day when the necessary statistics are available.

There are streams of goods and streams of money which, in a literal sense, are constantly, though not steadily, moving in opposite directions. By "money" we mean throughout this discussion all forms of currency and also bank deposits subject to check; by "goods" we mean new commodities. For the most part, raw materials are grown, extracted and graded, moved on to factories and prepared for final consumers, moved on to wholesalers, thence distributed to retailers and finally turned over to consumers. At the same time, streams of money are moving in the opposite direction—a main stream becoming smaller and smaller as it flows from consumers to retailers, from retailers to wholesalers, from wholesalers to manufacturers, from manufacturers to producers of raw materials, and thence, mainly in the form of payments for personal services, back once more to consumers. From various places in this main stream, smaller streams take part of the money directly or indirectly back to consumers. This circuit movement is one great difference between the flow of money and the flow of goods. When goods get into the hands of the consumers, they are usually disposed of, and thus they are withdrawn forever from the stream. On the contrary, most of the money that reaches the consumer is paid by him to retailers and to others; and thence it proceeds around the circuit.

The stream of money from use in consumption of new goods back to use in consumption of new goods, we shall call the circuit flow of money. The average time taken by money in making this round through the various streams, we shall call the circuit time of money. Its rate of

flow we shall call the circuit velocity of money. The circuit velocity is the reciprocal of the circuit time. If, for example, the circuit velocity is two times a year, the circuit time is one half year.

We are not now speaking of what economists call the velocity of money. By that term, they mean the frequency with which money is used for any purpose whatever, that is, its turnover within a given period of time. Obviously, without due consideration of the velocity of money, no discussion of monetary problems is complete; for one dollar spent ten times, if spent on the same day and for the same purpose, has about the same effect as ten dollars spent once. In any given period of time, the amount of money actually spent is the product of the quantity of money and its velocity. But before we can determine exactly how the movements of money affect business, we must consider certain phases of the circulation of money—particularly, the circuit velocity of money—that may be as significant as the velocity of money as a whole. If the volume of new consumers' goods moving into consumers' hands maintained a definite ratio to the total volume of goods in circulation, the circuit velocity of money would tend to bear a definite ratio to the velocity of money as a whole. In that case we should have no special interest in the circuit velocity of money. But our entire discussion is based on the assumption that these definite ratios are not maintained for any considerable time. We assume, on the contrary, that all periods of major business disturbances are characterized by an upsetting of the ratios that hold in times of relative business stability.

The equation of exchange which takes into account only the velocity of money in general takes no account of some of the specific causes of business fluctuations. For some purposes, the general equation $MV = \sum pQ$ is not as useful as the equation $MC = \sum pq$, in which C is the circuit velocity of money and q is the volume of new consumers' goods sold to consumers. We should consider separately changes in the velocity of money spent for consumers' goods and changes in the velocity of money used in other ways. Money is not spent more frequently in retail markets merely because it is spent more frequently in other markets. Money may work faster in order to pass woolen goods through more hands on their way to clothiers' shops, without passing more garments through the shops. In other words, additional middlemen may make use of money without making additional sales to consumers. Both velocity and quantity of money might remain constant—that is to say, people might have the same amount of money and spend it as rapidly as ever—and yet the markets might sense trouble. For if people decreased the amount spent for new goods within a given period of time, and to the same extent increased the amount spent in other ways, they would thus decrease the circuit

velocity of money; and they might thereby temporarily depress business, without decreasing the velocity of money. Under certain conditions, therefore, the turnover of money as a whole may have less to do with business fluctuations than the turnover of money in its particular function of moving goods into the hands of consumers.

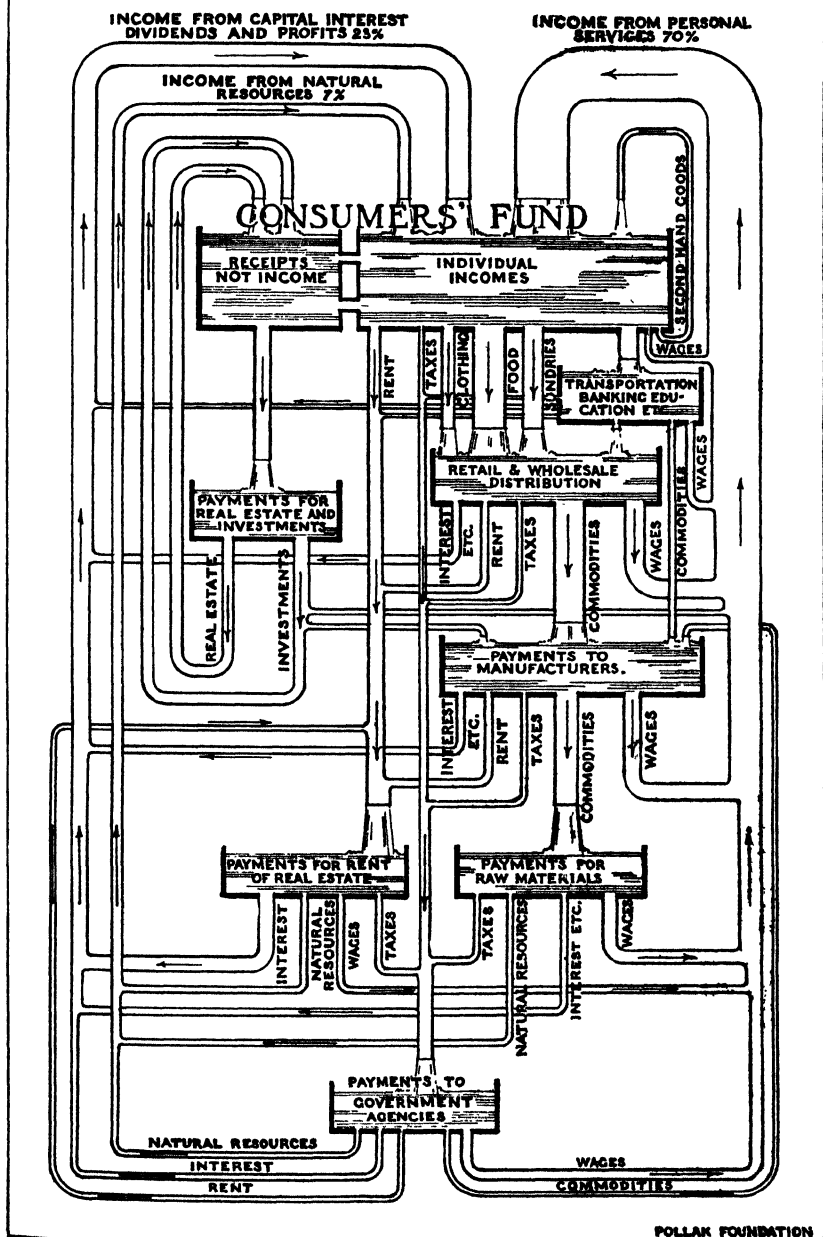
It is manifestly impossible to predict the course which a given coin will take from use in consumption back to another use in consumption. Even if we knew exactly what course it had just taken, we could not know what course it might next take. And it would be exceedingly difficult to find out. To follow accurately a single circuit of even a small part of our currency—our silver dollars, for instance—would require much of the time of the entire population and thus interfere with their circulation. We can, however, study the factors that tend to change the circuit velocity of money as a whole.

Money is in circulation, in our use of the term, as long as it is in the possession of somebody. The unused lending power of banks is not money in circulation, for it is not available for expenditure. It becomes money only through the joint act of a bank and a borrower. The lending power of banks is like gold in the mines; it is not money until somebody puts it where it can be used as money. All bank deposits subject to check are money in circulation, no matter what proportion of these deposits are checked out in any given month, just as all pocket money is in circulation regardless of the amount that is spent on any given day. Within how long a period of time a volume of money equal to the total volume in circulation will be spent by consumers depends upon the circuit time of money. In other words, whether the money spent in consumption is more or less than the total volume of money in existence depends on the length of the period we are considering. In a certain sense, it is true, all money is idle except when it is actually being used in exchange; but in that sense only one dollar out of many thousands is active, and all the rest are idle, in any given minute. It is only a matter of convenience which definition we employ. Either, if used consistently, leads us to the same conclusions as the other.

Diagram of the Flow of Money

The diagram on the opposite page, similar in plan and purpose to one devised by Mr. M. C. Rorty, represents, in a general way, the circuit flow of money. To find fault with this diagram from an engineering standpoint would not be difficult; neither would it be sensible. All we should ask of these reservoirs and pipes is that they serve the purpose at hand. In the main, subject to certain qualifications to be made presently, this diagram does serve our purpose. It pictures the flow of money when business is relatively stable.

THE CIRCUIT FLOW OF MONEY



The double reservoir at the top shows the amount of money in the hands of individuals and available for expenditure in consumption. This is what we have previously called the consumers' fund. The reservoir is divided into two parts in order graphically to represent the fact that a large part of the money received by individuals is income, most of which is spent in consumption; while a smaller part is money received from the sale of real estate, bonds and stocks, most of which is re-invested. The two parts of the reservoir, however, are connected with pipes, in order to take account of the fact that some income is invested and some money received from the sale of securities is spent in consumption. These connecting pipes are important. We must bear in mind that they are always partly, and never wholly, clogged. By their aid, we may visualize the fact that we have no means of knowing how much of the consumers' fund actually will be spent in consumption in any given period of time.

Into the right-hand section of the consumers' fund, three large pipes are emptying: one represents the large proportion of individual incomes, about 70 per cent, which is derived from personal services; the others represent the smaller proportion, about 30 per cent, derived from management and property, including rentals, royalties, interest and dividends. These percentages are the averages, in round numbers, of the figures for 1909-1918, found in the admirable study of *Income in the United States*, published in 1921 by the National Bureau of Economic Research. The sizes of some of the pipes in the diagram, however, are based, necessarily, on much rougher estimates. No dependable study has yet been made of the proportions of individual incomes which are spent for new goods, services, real estate and investments.

Leading out of the reservoir of consumers' incomes are various pipes which represent expenditures for rent, taxes, clothes, food, sundries and wages. The relative, estimated amounts spent for these various purposes are indicated approximately by the size of the pipes. It will be observed that most of the individual incomes are paid at once to those who are engaged in the distribution of finished commodities. These distributors, in turn, pay much of the money they receive directly to manufacturers, who, in turn, pay much of the money they receive directly to producers of raw materials. All along the way some of the money, mainly in the form of wages, profits and interest, gets into the hands of individual consumers and is spent for consumers' goods, thus completing the circuit flow.

Some of the money completes the circuit quickly, some of it, slowly. As shown in the diagram, a part of the consumers' income is spent directly for personal services and a part is paid to individuals for

second-hand automobiles and other "old goods," and is thus passed directly from one consumer to another. Most of the money spent by consumers, however, takes a longer course before it finds its way back to the consumers' fund. Part of the money that is spent for "new goods"—a pair of shoes, for example—goes to the wholesaler; part of that money goes to the manufacturer; part of that money goes to the tanner; part of that money goes to the farmer who raised the stock; part of that money goes to the producer of harvesting machinery; part of that money goes to mechanics in the factory, and is thus returned to the consumers' fund. During the circuit from consumer back to consumer, some of the money spent for the pair of shoes passed through more hands than in our illustration; some of it passed through fewer hands. The part that the retail shoe dealer paid immediately in weekly wages to his clerks made the circuit quickly. The part that was set aside in cash as undivided profits of the shoe manufacturer may have taken a long time to make the circuit. It is the average time taken by all the money in the flow from one use in consumption to another use in consumption that we have called the circuit time of money.

The Flow of Money and the Flow of Goods

Upon the rate of flow of money into the reservoir of personal incomes depends the even flow of goods from producer to consumer. The stream of money is, in fact, a line of communication. Money has often been compared with roads. Adam Smith even went so far as to anticipate this age of aeroplanes: he called money "a sort of wagon way through the air." He emphasized the fact that money is unlike factories and stores. Rather, it is like railroads and telephones; for its function is not to produce or to exchange goods, but to facilitate their production and exchange. It is only a means to an end.

Nevertheless, anything that happens to any of our lines of communication so as to disturb the even flow of goods can retard the production and distribution of goods. Our railroad lines are obviously of crucial importance. At times some of our freight cars get side-tracked and lie idle; some get diverted from more essential to less essential uses. Now and then a bridge falls down and traffic is held up. Sometimes transportation facilities fail to meet increasing needs, as they did throughout the United States during the car shortage of 1920. Whatever thus prevents the orderly movement of goods tends to prevent the further production of goods.

Similarly, whatever interferes with the monetary lines of communication—that is to say, whatever retards the even flow of money from consumers back to consumers—tends to retard the flow of goods and thus to disturb business as a whole. Some money gets side-tracked in

hoards, in cash balances, even in banks, and is unemployed for an unusually long time; some money gets diverted at times from more essential to less essential uses. Now and then a bank fails, and there is a sudden stoppage of the trade movements that were dependent upon the tied-up funds of the bank. Sometimes the consumers' fund is increased out of proportion to increased production, as in most countries in the years following the World War. At other times, not enough money flows into the consumers' fund to maintain the production-consumption equation: the volume of finished goods increases more rapidly than the volume of consumers' expenditures. In short, whatever happens to the medium of exchange at once affects the whole industrial world in some way; whatever prevents the circulating purchasing power from moving goods to final consumers interferes with the further production of goods.

Variations in the Rate of Flow

What it means to business to have variations in the rate of flow of money into the consumers' fund may be seen if we continue to think of this fund as water in a vast reservoir. The simile need not mislead us if we have in mind that it proves nothing, and if we take care not to work it too hard even for purposes of illustration. Let us observe, then, that some of the water in the reservoir moves through conductors to the turbines of electrical plants, whence power is transmitted to distant cities where it moves street cars, lifts elevators, runs washing-machines, cures diseases, illuminates buildings and in a thousand other ways sustains the activities of our complicated modern life. Some of the water moves through irrigating ditches to innumerable farms where it turns barren wastes into fields of wheat. Some of the water runs through mills where it moves machines that make the wheat into flour. Some of the water moves in river beds where it has its part in carrying the wheat and the flour from those who have a surplus to those who have none. Thus, at all times, a large part of this current supply of water is doing economic work.

A part of this water supply, on the other hand, has no share in the production and distribution of goods—does no economic work whatever. At times, some of it stays on the surface of the reservoir in the form of ice; it is seasonally unemployed. Some of the water, after turning the wheels of industry at one place, moves on down the river until it breaks through the bank and comes to a stop in a dead basin. Thus it is withdrawn from the channels of commerce; it can do no more economic work until somehow it is released and again set in motion. There is another portion of the supply in the reservoir that is completely lost to industry; it evaporates before it has been used in any way. And there is still another portion that evaporates along

the routes of commerce, after it has played a part in the world's work. Whatever thus disappears by evaporation is subtracted from the current supply of power; the loss is made good only when the power is re-created, as it is when the rain falls and the water flows again into the reservoir.

Stability in production, as far as it depends on this water supply, is concerned only with *the rate of flow*. Nothing that happens to the water supply can upset production schedules provided the net result is an even flow of power, day in and day out, in the same channels, performing an unvarying amount of work. How much or how little of the water supply evaporates, or leaks from the pipes, or remains frozen in the reservoir, or is held back in dead basins, is of no consequence, provided the total volume thus withheld from industry and its distribution remain the same. Only changes count. Until there are changes in the rate of flow, the work done will be plotted on the graphic chart as a straight line.

Similarly business stability, as far as it depends on money, is concerned primarily with the rate of flow of money into the consumers' fund. As far as stability is concerned, it does not necessarily make any difference how much money is in government vaults, or is frozen in loans, or is idle in hoards, or is carried in pockets and tills as daily cash balances, provided the volume of money thus withheld and the volume of goods coming upon the markets remain the same from day to day. Only changes count. When money that has been idle is put to work, or money that has been at work retires temporarily from business, it changes the rate of flow of money from consumption back into consumption: that is to say, it changes the circuit velocity of money. At any stage of the business cycle, a change in the circuit velocity of money tends to cause a change in the state of business.

Whether the change is good or bad for business depends on the state of business at the time. This appears to be overlooked in much that is said about "economizing credit," "making money more efficient," and "bringing hoards out of hiding." The usual assumption seems to be that anything that increases the velocity of money in general, or the amount spent by consumers, is advantageous to business in general. It may be good or bad for business. It all depends on economic conditions at the time and the nature of the transactions which are affected by the increased "efficiency" of money.

The Circuit Time of Money

How long does it take, on the average, for each dollar to make this round from one use in consumption to another use in consumption? What are the factors which retard or accelerate the flow? What are the effects of these fluctuations on the state of business activity? What

are the correlations between changes in the velocity of money and changes in the circuit velocity of money? We shall now venture to open up the discussion of these questions in a preliminary way, though it may be many years before research will answer these questions as definitely as they must be answered before anyone can account in full for the ups and downs of business.

What is the circuit time of money? The available statistics are not a sufficient basis for an answer to this question. If we use Professor Fisher's estimate of the volume and velocity of money in the United States, in the year 1909, and if we then, from the estimate of the National Bureau of Economic Research for the income of that year, guess at the value of new goods bought by consumers, we arrive at an estimate of the circuit time of money. If the total money transactions for that year were \$400,000,000,000, and the total amount of money in circulation was \$8,680,000,000, the average velocity of money was approximately 46. If consumers spent \$20,000,000,000 for new goods during that year, the circuit time of money was 8,680,000,000 divided by 20,000,000,000, which gives .434 years, or 158.4 days. On the basis of these figures, the circuit velocity of money, the reciprocal of the circuit time of money, would be approximately 2.3. This would mean that for every dollar spent by a consumer for new consumers' goods during 1909, approximately nineteen dollars were used for other transactions. That is to say, although each dollar was used about once in every eight days for some purpose or other, it was used only once in 158 days for the purpose of passing new goods into the hands of consumers. Looking back at our diagram, we may visualize these statistics of exchange by thinking of the dollars that leave the consumers' fund at the top through the new goods pipes as being used, on the average, nineteen times elsewhere in the circuit (including parts of the flow of money that are not shown) before they are again used in consumption. But there is so much guessing in these figures that they are useful only for purposes of illustration. If the turnover of bank deposits subject to check is now about twenty-five times a year, as estimated by the statistical division of the Federal Reserve Bank of New York, the figures for velocity in our illustration are probably far from right. Our research agencies, no doubt, will provide us some day with more dependable estimates than any now available for the velocity of money and the annual expenditures of consumers for new consumers' goods.

Defects in the Diagram

Evidently, in order to represent all the uses of money in the course of its journey from consumer back to consumer, we should need a much more complicated diagram. It would, in fact, be so complicated that,

without a vast amount of study, it would be confusing rather than clarifying. For that reason, we have not shown many of the money movements of minor importance.

Nor have we shown all the movements that are of major importance. The reader has already observed, no doubt, that the diagram overlooks the fact that nearly all money, on its way from consumer to consumer, passes through banks. Up to this point, we have directed attention to the place in the circuit flow of money where it is spent by consumers. We have made this the center of our interest because consumption is the end for which goods are created; and because we wish to raise the question whether anything that happens to money in any other part of the circuit can cause a major disturbance in business, as long as just enough money continues to be spent in consumption to take away the goods without a change in the price level. There is good reason, however, for paying special attention to that part of the circuit in which money flows through the banks; for it is literally true that most of the money that is spent in consumption begins and ends its career in a bank. When a farmer who is waiting for his wheat to mature applies to the bank for a loan of ten thousand dollars, the bank increases its deposits to that extent, minus the discount. The total volume of money in circulation is thereby increased. As soon as the farmer spends the money, it proceeds on its way around the circuit. In due time, if all goes well, the farmer sells his wheat and pays the loan at the bank, thereby reducing the amount of money in circulation by ten thousand dollars. Thus, in a certain sense, most of our money is created and extinguished in the banks.

It is sometimes said that the money is not extinguished by the payment of a loan since the bank is at liberty, the moment the loan is paid, to lend precisely the same amount to another borrower. The fact that the bank passes on the purchasing power by means of different pieces of paper is said to make no difference. When a bank loan is paid, however, the amount of the loan is actually withdrawn from the circuit flow of money; and an equal amount is returned to the stream only by a new joint act of the bank and a borrower. Unless we think of bank deposits as being thus created, and extinguished, and re-created, we leave out of account one of the chief causes of fluctuations in consumers' incomes. If all the money that flowed into the banks flowed out again at a constant rate, the banks could be omitted from the diagram, because they would neither retard nor accelerate the flow of money into the consumers' fund. But the banks must be taken into account because they, in conjunction with their customers, cause changes in both the quantity of money in circulation and in the circuit time of money. No diagram is complete, therefore, which ignores these changes.

A similar defect in our diagram is the failure to make allowance for the action of the government in changing the amount of money in circulation. Our system of reservoirs and pipes makes no provision for putting any more money into the stream or taking any money out. All the money flowing into the public treasury at the bottom of the page is represented as coming directly or indirectly from individual incomes. A complete diagram, however, would take account of the fact that governments—not infrequently, as the world has recently observed—coin money or print money or otherwise supply the deficiencies in the government reservoir, whenever money is flowing out through expense conduits faster than it is flowing in through taxation conduits.

Factors that Alter the Circuit Time of Money

Our next question is, what are the factors which retard or accelerate the flow of money from consumer back to consumer? This question would not concern us if money actually flowed through the channels of commerce as steadily as in our diagram. Here we have pictured all the pipes as unobstructed, free from leaks, and unvarying in size. If the circuit flow of money were such, day in and day out, that we could accurately represent it by means of such a simple and static picture, and if the flow of goods were equally steady, industry would be perfectly stable. There would be no business cycles. But money never does flow through the arteries of trade as steadily as this. The rate of flow changes from time to time, often so slowly that the ordinary observer notices no change at all; sometimes so rapidly that nearly everybody is aware that something has happened, though few know that it has happened to money, and fewer still know exactly what it is that has happened to money. Furthermore, variations in the rate of flow come more rapidly in some parts of the circuit than in others. These facts might be suggested by means of gate-valves in all the pipes, subject to the control of individuals. Nothing but a motion picture, however, could show all these multifarious and kaleidoscopic changes. Our simple diagram can help us only in a general way to visualize the major movements. Not until we consider in what specific respects this diagram fails to depict what actually happens to money during the circuit are we likely to account for business instability.

As a means of suggesting profitable fields for research in connection with the circuit time of money, we may enumerate some of the causes that accelerate and some of the causes that retard the circuit flow. For the purposes of this enumeration, we shall assume, first, that the total money in circulation remains the same and, second, that the effect of each cause is not offset by the operation of other causes.

The circuit time of money is ordinarily decreased—that is to say, money moves around the circuit faster—under the following conditions:

(1) When there is an increase in the total amount paid as wages; since wage-earners spend a larger proportion of their money for goods than do other groups of consumers.

(2) When taxes are decreased; since ordinarily money paid in taxes comes from the consumers' fund, but finds its way back slowly.

(3) When there is a general belief that prices are about to rise; for then it appears that the quicker we spend our money, the more we get for it. Consequently, we carry smaller average cash balances, and spend a larger proportion of our money for goods.

(4) When there is general expectation of higher wages and higher profits; for at such times people spend money in consumption more quickly and more freely.

(5) When people save less than usual; since thrifty people usually have on hand some money, intended for their savings banks, which they have not yet deposited. As the total savings of the country decrease, there is a corresponding decrease in this money waiting to be invested.

(6) When there is an increase in the amount of money borrowed by consumers for use in consumption.

(7) When a larger proportion of exchanges are made by means of bank checks; since consumers who pay their bills by check are likely to make most of their payments very soon after most of their income is received, usually on the first few days of the month, and there is therefore less need for keeping money on hand. Whereas people who pay all their bills with currency usually distribute their payments over longer periods of time; and, in order to do so, they carry larger average daily cash balances in proportion to their expenditures.

(8) When pay days come more frequently. As a rule, those who sell their services or lend their money collect their pay at fixed intervals of time; and, as a rule, what they receive on one pay day they spend before the next pay day. For the most part, wages that are received weekly are spent weekly; salaries that are received monthly are spent monthly; rents and dividends that are received quarterly are spent quarterly. All this in turn affects the receipts and, therefore, the expenditures of those who sell goods. Therefore, more frequent payments of wages, salaries, or dividends mean more rapid circulation of money from use in consumption back to use in consumption.

(9) When goods pass through fewer hands on the way to the consumer; because of the elimination of some of the middlemen, for example, through the vertical integration of industry.

(10) When there is a decrease in the amount of money used to transfer real estate, stocks, bonds, etc.; since money, while in use for such purposes, is not used in consumption.

(11) When the volume of undivided profits hitherto carried in the form of money is decreased.

Under all these conditions, ordinarily, the circuit flow of money is accelerated: under the opposite conditions, it is retarded.

The influence of most of these factors on the velocity of money has been considered by various writers, notably by Professor Irving Fisher, in *The Purchasing Power of Money*. But changes in these factors do not affect velocity and circuit velocity in the same degree or even, in all cases, in the same direction. How important these differences in degree and in direction may be, as factors in the price level and the state of business activity, we cannot tell without additional research. The last three, at least, of the conditions enumerated above appear to merit much further study.¹

But throughout this enumeration we have assumed that the total volume of money in circulation remains the same; whereas we are well aware of the fact that the volume does not remain exactly the same for any two days, and that, at times, the volume changes rapidly. To take this fact into account, however, we have only to change our conclusions slightly. Instead of saying, for example, that money flows faster when there is an increase in the total amount paid as wages, we must say "when there is an increase in the proportion disbursed as wages of the total volume in circulation." Similarly, we must make some of our other statements relative rather than absolute.

We cannot dismiss so easily our assumption that the effect of each cause is not offset by other causes. We are not at all sure, for instance, of the exact effect of increased taxes on undivided profits, or on wages, or on stock exchange transactions. We do know that the nature of the taxes will make a vast difference, and that we are not prepared fully to explain business fluctuations, or thoroughly to understand national monetary policies, until we have the aid of further research concerning the effects of various forms of taxation, under various conditions, on the circuit time of money. We need further research, as well, concerning fluctuations in the daily balances of individuals in pocket and in bank. Before we can determine the influence of these fluctuations at different stages of the business cycle, we must correlate them with fluctuations in wages, prices, unemployment, and volume of trade. We must also find the correlations among other factors that influence the circuit flow of money. One conclusion, however, we can safely draw without further investigation: variations in the factors enumerated above are to such a large extent independent of each other that there is virtually no chance that these variations

¹This question and most of the others that are raised in this paper are further considered in *Money in the World's Work*, a volume now in press, of which "The Circuit Flow of Money" is one chapter.

would counterbalance. The circuit time of money is constantly changing.

Conclusions

In order to forecast business fluctuations, or even to explain those that have already occurred, we should know more than we now know about conditions that determine fluctuations in the amount of money spent in consumption, including factors that alter the circuit time of money. How little we actually know is shown by the amazement among men generally over the way in which retail sales were sustained during the depression of 1921. Business as a whole was totally unprepared for the effective consumers' demand that continued after the slump in wholesale markets. Yet nothing magical happened. Every dollar spent by consumers came from somewhere, went somewhere, and left a record of some sort, nearly every time it was spent. These records, it is true, are not all that they should be. Measures of the flow of money through the various channels are not as comprehensive, or as accurate, or as detailed, or as readily available as we should make them. Yet even such records as we now have for 1921, if assembled, correlated, interpreted, and tested for error, by approved statistical methods, would undoubtedly go far toward explaining what appears to be a mysterious persistence of consumers' demand. Even without such records for 1921, the consumers' demand for that year might not have seemed at all mysterious, if similar records of previous business cycles, similarly interpreted, had been available and generally understood by leaders in commerce and finance. For it is probable that the various forces that determined the volume of daily sales in 1921 operated in about the same way, in varying and measurable extents, as in previous periods of depression. It is possible, furthermore, that had we known, in the years following the World War, as much as we might readily have known about the circuit flow of money in previous years, in relation to the flow of consumers' goods, there would have been neither the extreme business expansion of 1919 nor the disastrous contraction that followed. For the major causes of the expansion and the contraction were monetary and subject to human control in a far greater degree than has hitherto been deemed possible.

WILLIAM T. FOSTER.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Principles of Economics. By FRANK W. TAUSSIG. Volume II. Third edition revised. (New York: The Macmillan Company. 1921. Pp. xix, 576.)

This is a thoroughgoing revision of this well-known work. The chapter on The General Property Tax has been omitted. Account has been taken of recent publications and legislation. For example, the general conclusions of the study on *Income in the United States* by the National Bureau of Economic Research have been included in the chapter on Inequality and Its Causes and a section has been added giving the essential features of the Transportation act of 1920.

Those familiar with the earlier editions will find the fundamental theories unchanged but will note increased emphasis on the facts and consequences of inequality and a clearer expression of the spirit of social sympathy. This is well illustrated by the discussion in the newly added chapter, "The Wages System. Strikes and the Right to Strike." The wages system necessarily restricts the liberty of "the individual workman." "He must obey orders." This involves drawbacks of two kinds, material and spiritual. The first means slackness of effort. The interest of the workman in the output is remote. The results must be attained through the "drive" method. The spiritual loss has received more attention of late years. "We are slowly becoming awake to the plain and simple fact that the happiness of all men is immensely promoted if their daily work be made interesting and pleasurable."

As to the right to strike, emphasis is laid on the power of discharge and its terrible consequences to the workman. "No general statements can picture adequately the ordinary states of feeling: constant uneasiness, easily intensified to terror, on the part of the men; consciousness of power and determination to hold power among the so-called masters" (p. 290). And again: "If the public wishes to secure the gains which accrue from private property and private management, it must accept the offsets which arise from strife and stoppage. To restrict the right to strike and leave absolute control of employment to private managers is to give strength to one side and take it away from the other" (p. 293). It is only when this power of discharge has been materially modified and the workman assured of a fair hearing of grievances that the public "is entitled to protect itself against efforts to stay the operation of vital industries." Too much is not to be expected from the device of employee representation. The ground is not yet prepared for its full effects, for the indispensable prerequisite

of "a real spirit of meeting the men on their own ground and with a frank recognition of their own methods of joining together for their own ends" has not yet been accepted by the employers. Nor have workmen as a class developed to the stature required for real sharing in problems of management. This is evidenced by the extraordinary rarity of the success of plans for coöperative production. Employee representation will not prove "a cure-all for the social ills, but of promise toward smoothing the working of the industrial system as now established" (p. 297).

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Bestimmungsgründe des Preises. By OSKAR ENGLÄNDER. (Reichenberg: Gebrüder Stiepel. 1921. Pp. 300. 52 K.)

As experienced readers know, the date of publication of a book does not always tell us what period of thought it represents. The two may go far apart. Engländer's volume is an illustration of this point. Though published last year, it expounds in the main an economic subjectivism that originated a generation or more ago. We find again a qualitative price analysis within a system of catallactics, of statics, of frictionless competition which permits only one price for each article on the market. There is Menger's classification of goods into those of first, second, and third order; the distinction between reproducible and non-reproducible goods; and the imaginary case of first one buyer, then several buyers, and finally of buyers and sellers bidding against one another. Costs are shown to be either expenses (which begs the question) or else other facts altogether out of place in catallactics. Wants are contrasted with purchasing power, which as usual is assumed to be first equal, then unequal for different buyers. Thus price is determined at bottom by demand alone, i. e., by personal valuations in conjunction with purchasing power, no attempt being made to relate these facts quantitatively to supply.

Now, all this is of course an old story and cannot be the *raison d'être* for the book at this time. If therefore it is to be judged aside from its excellent, but quite conventional, presentation of subjectivistic economics, it must be on the score of certain minor corrections. Engländer, that is to say, follows on the one hand Wieser and Zuckerkandl—which accounts for his mode of approach to the problem. But he has also borrowed from F. Brentano and O. Kraus, rejecting hedonistic sensationalism. Wants and gratification are discussed without reference to morality or the supremacy of an "economic man." Whatever the processes of valuation (and Engländer apparently is not influenced by the most recent psychological and philosophical developments in this field) the springs of human action are not considered a subject

for economists *as such*. In the second place, the decisive rôle of the margin in price determination is flatly denied. Psychic margins, though real and inevitably connected with orders of preference, are not truly reflected in exchange rates. We have marginism without margins! The existence of consumers' rents is cited as proof of intra-marginal prices; while unequal rates of diminishing utility for different goods are held to prevent an equalization of the margins of gratification. In the third place, the odious question of the relation between consumption and production goods is got rid of by declaring for a non-causal interdependence of the two groups of goods.

Whether this sort of compromise between the old subjectivism and a strictly objective, quantitative analysis of economic data is worth while need not here be debated. To the reviewer the admissions of Engländer that valuations *per se* are non-economic facts, that income profoundly modifies the measurement of utilities, and that psychic events are incommensurable, seem most damaging. It is right however to detach viewpoints from quality of workmanship. And so it should be repeated that of its kind Engländer's is a meritorious piece of work. Students of the rise and fall of marginism may find it both instructive and interesting.

O. FRED BOUCKE.

NEW BOOKS

BRIGGS, M. *A textbook of economics*. (London: Clive. 1921. Pp. 527.)

DOW, G. S. *Society and its problems. An introduction to the principles of sociology*. (New York: Crowell. 1922. Pp. xiv, 594. \$2.75.)

GIDE, C. *Premières notions d'économie politique*. (Paris: Albin Michel. Pp. 185.)

This little masterpiece is the first of a *petite bibliothèque de culture générale* announced by the publisher. Its literary charm, its gentle humor and its appeal to the imagination make it almost unique among economic publications. Not at all the usual primer of economic theory, it is rather a survey of the evolution of our principal economic institutions. After pointing out some of the indications of economic life in the behavior of animals, it presents a series of rapid sketches of commerce, money, property and its inheritance, land leases, loans at interest, the wages and profits system, competition and coöperation. It was apparently written during the war, although it is entirely free from the rancors of that unfortunate time. In view of the government's enormous borrowing Professor Gide predicts that everyone will become a *rentier* but that few if any will be able to live on their *rentes*. One wonders how many have already been driven by want to sell the *rentes* they bought during the war. In the last chapter the author indicates the unsatisfactory results of competition and declares his faith in coöperation and solidarity.

G. A. K.

GOETSCHEL, E. *Gut, Geld und Kapital. Ein Beitrag zur Böhm-Bawerk'schen Theorie*. (Bern: Paul Haupt. 1921. Pp. 156. 17 M.)

HANEY, L. H. *History of economic thought; a critical account of the origin and development of the economic theories of the leading thinkers in the leading nations*. Revised edition. (New York: Macmillan. 1921. Pp. xix, 677. \$3.50.)

HENDERSON, H. D. *Supply and demand*. (New York: Harcourt, Brace & Co. 1922. Pp. x, 181.)

MAGEE, J. D. *Introduction to economic problems*. (New York: Scribner's. 1922. Pp. ix, 363.)

MARX, K. *Theorien über den Mehrwert*. Fourth edition. (Berlin: Karl Kautsky. 1922. 80 M.)

VON PHILIPPOVICH, E. and SOMARY, F. *Grundriss der politischen Oekonomie*. Vol. II, *Volkswirtschaftspolitik*. Part II. Tenth edition revised. (Tübingen: Paul Siebeck. 1921. Pp. 343.)

This is a revision by Dr. Somary of a part of the late Professor Philipovich's encyclopaedic work, bringing it up to date. It covers the topics of transportation, commerce, banking and speculation, and *Einkommenspolitik* (including under that title the problem of the unemployed, workmen's insurance, poor relief, methods of industrial remuneration, wages boards and housing). The section of transportation strikes the reviewer as especially well done, although the two pages of fine type on American railway experience contain several errors, e. g., that there was no stock exchange speculation in railway securities before 1898. The section on banking seems too condensed to be intelligible to the beginner, and treats some controversial matters too briefly. *Einkommenspolitik* covers somewhat over one half of the book. Dr. Somary states that the revision emphasizes more than the earlier editions the dependence of social policy on productive power. Menaced by the prospective bankruptcy of important central and east European governments, *Sozialpolitik* can be continued at all only in so far as it does not diminish the national dividend.

G. A. K.

SCHELLE, G. *Oeuvres de Turgot et documents le concernant*. With biography and notes. Vol. IV. (Paris: Alcan. 1922. 40 fr.)

SCHULTZ, E. *Die Zerrüttung der Weltwirtschaft*. (Stuttgart: W. Kohlhammer. 1922. 75 M.)

SOUTHERNS, L. *Physical economics: an essay on fundamental principles*. (London: Labour Pub. Co. 1921. Pp. 67. 2s. 6d.)

TURNOR, C. *The land and its problems*. (London: Methuen. 1921. Pp. 254.)

VON KOCH, F. M. *On the theories of free trade and protection*. (London: King. 1922. Pp. 34. 1s.)

WEBER, M. *Grundriss der Sozialökonomik*. III. Abt.: *Wirtschaft u. Gesellschaft*. II. *Typen der Vergemeinschaftung und Vergesellschaftung*. 2. Teil. (Tübingen: Mohr. 1921. Pp. iii, 181-356. 30 M.)

Economic History and Geography

International Finance and Its Reorganization. By ELISHA M. FRIEDMAN. (New York: E. P. Dutton & Company. 1921. Pp. xli, 702. \$7.00.)

In this financial history of the World War, as it might properly be termed, the author has admirably accomplished his purpose of presenting a precise account of the financial changes in Europe during and since the war, together with a summary of the various proposals for financial reconstruction. The book is divided into two parts, section A covering the effects of the war, and section B, the financial reorganization.

In section A such subjects as public debt and taxation, currency and credit, and foreign exchange are discussed. Although nothing particularly new has been added, the author has unquestionably rendered a service by the able manner in which he has approached the loan and taxation theories of war finance. Good judgment has been shown in exposing at the very beginning the fallacy contained in the idea that war burdens can be shifted to future generations by means of loans. The author has also done much to clear the atmosphere of some of the popular misconceptions regarding the external and internal debts of nations. The following quotation from page 22 summarizes his views in this regard:

A foreign debt requires annual interest payments which may be effected by an exportation of goods, and to that extent the debt represents a diminution of the real wealth of a country. But an internal debt is a paper debt; it does not diminish the wealth of the nation as a whole. Repudiation of the internal debt, a capital levy, or a scaling down of values, would leave the nation's wealth unaffected although it might disturb the economic condition of the country. A paper debt, held internally, never ruined a country. During the Revolution, France repeatedly repudiated her debt, and yet at the end of the period was undoubtedly richer than at the beginning.

In section B the author discusses the factors in the financial reorganization, taking up the capital levy, national bankruptcy, inter-allied debts, the German indemnity, international loans, and New York and London as financial centers. The author devotes considerable space to a capital levy. He approaches this problem from the same angle as that taken in discussing the loan method of war finance. He courageously attacks the problem from the social point of view and as a consequence simplifies it and at the same time clears away many of the popular misconceptions surrounding it. In substance, he shows that through a capital levy society merely acknowledges that individual assets which are social liabilities serve no beneficial purposes when they exist in exceptionally large volume. He points out that a recognition of their true status through an attempt to apportion the existing

burden on some equitable basis is not necessarily a revolutionary step nor a social burden. It readjusts an existing burden but adds no new one. The inter-allied debt controversy is impartially presented with a comprehensive review of the various opinions expressed on this subject by all of the principal countries involved.

In appraising New York and London as financial centers, the author is of the opinion that while New York will not replace London as the world's financial center, it will assume a position of increasing importance in future international financial operations. Although London suffered as a banking center because of the war, New York cannot supplant it because it lacks the machinery and personnel necessary really to serve as the world's banking center. Until New York can develop a wide market for both international acceptances and foreign securities, it has little chance to compete effectively with London.

This book constitutes a real contribution to current economic discussion. The author has gathered together and made a careful selection of the huge mass of material that has been written upon the subject of national and international finance in recent years. Through orderly and logical arrangement, the most important material has been presented in an interesting manner. As a source-book and history of the financial ills of the world growing out of the war, it is undoubtedly the most comprehensive work that has yet appeared. The book will prove serviceable not only to the student but to the layman.

W. F. GEPHART.

America and the Balance Sheet of Europe. By JOHN FOSTER BASS and HAROLD GLENN MOULTON. (New York: The Ronald Press Company. 1921. Pp. 361. \$3.00.)

"The situation as it really is," "The reparations dilemma," and "Remedies—proposed and real" are the titles of the three parts of this book. In part I are discussed depreciated exchange, national debts and budgets, and the European and German monetary situation. The fundamental principles involved in such questions have not changed since the book was written, and the authors' discussions of the outstanding features are as pertinent now as when the book was written. Part II, on the reparations dilemma, considers Germany's ability to pay and the amount that the Allies are willing to receive. The chief value of the authors' discussion of this question is the manner in which they show the political and economic aspects of the reparations question, much of which the Europeans themselves either do not understand or are not willing to recognize as facts in the situation. In part III the authors describe the many plans which have been advanced on the assumption that Europe could be restored at once to normal eco-

conomic wealth. They very properly view all such efforts as vain. Since the book has appeared, one of the most promising plans, "the ter Meulen Plan," has been abandoned and many other visionary plans have been long since laid aside.

It is in the concluding chapter, under the heading, "The way out," that the authors abandon their well-performed task of describing the chief features in the European problem, and proceed in this last chapter to decide what are the basic requirements for the restoration of Europe to normal industrial and financial existence. In their opinion, there are four basic considerations. First, the increase of domestic products; second, the balancing of international trade; third, the restoration of the gold standard; and fourth, the balancing of international budgets.

Under the topic of balancing international trade, the subject of canceling debts as well as abolishing trade barriers is taken up, and a better understanding of the fundamentals of international trade is urged. This is doubtless all very true, but there is as little promise now as there has been for the past century that the rank and file of people, either in this country or in Europe, will abandon their nationalistic beliefs regarding the importance of carefully restricting and regulating trade so that their own country will receive the chief benefit. Most of us are yet mercantilists in our thinking on international trade.

In regard to maintaining the gold standard, the authors point out the necessity of a redistribution of the gold supply of the world, and describe the ways in which this may be brought about. Throughout the book there is an emphasis upon the necessity of a campaign of education, especially for the people of the United States, with a view to securing a more correct comprehension of the interest of the United States in international questions and an understanding of how or why our own industrial prosperity is dependent upon a more internationally minded viewpoint.

The task of reviewing a book of this character is comparatively simple. The authors evidently have set as their task a description of the more important phases of the European industrial and financial problems as they are related to the United States. Not only has there been a most excellent selection of material, discussed in very brief compass, but, what is of equal importance, the volume is written in an interesting manner. It has had a large sale since its publication, as it deserves, strictly on its merits as an interesting description of the important European economic problems.

W. F. GEPHART.

Washington University.

NEW BOOKS

ADLER, C. *Jacob Henry Schiff, a biographical sketch.* (New York: American Jewish Committee. 1921. Pp. 69.)

ANDERSON, B. M. *Germany and Russia, a chapter of uncertainties.* Chase Economic Bull., vol. II, no. 2. (New York: Chase National Bank. 1922. Pp. 40.)

BACHI, R. *L'Italia economica nel 1920. Annuario della vita commerciale, industriale, agraria, bancaria, finanziaria e della politica economica.* (Città di Castello: Casa Tip.-Ed. S. Lapi. 1921. Pp. xii, 512.)

This volume, the twelfth in its series, deals intensively with economic conditions and changes in 1920, and broadly with those of 1921. Part I has to do with conditions, part II with control, organization, policy. Trade, prices, banking and the other usual economic categories are prominent, but in part II special topics like municipal economic activities, coöperation and housing also appear. One appendix considers the developments of 1921; another, considerably longer, the work of Professor Del Vecchio, deals with the economic crisis which overtook Julian Venetia, Fiume and Zara, when, after the war, these regions were detached from their old contexts.

R. F. FOERSTER.

BARTON, R. F. *Ifugao economics.* Publications in American archaeology and ethnology, vol. XV, no. 5. (Berkeley: University of California Press. 1922. \$1.)

BIDOU, H. and others. *Les conséquences de la Guerre.* (Paris: Alcan 1921. Pp. 189. 7 fr.)

This is a collection of lectures given in 1919 by eminent public men in France on the military, financial, and economic results of the war. Although much has happened since 1919, certain basic facts and national feelings of that time have still to be taken into account. There is a very interesting lecture on the French view of the Near East by General Malletterre; another on the economic consequences of the war by M. Liesse; and one on the financial consequences by M. Guebhard. The other lectures are by MM. Bidou, Tardieu, and Tessier.

R. R. WHITEHEAD.

BOGARDUS, E. S. *A history of social thought.* (Los Angeles: University of Southern California Press. 1922. Pp. 510. \$3.50.)

BOURDEAUX, J. *Tolstoi, Lénine et la Revolution russe.* La Bibliothèque d'Histoire Contemporaine, vol. I. (Paris: Alcan. 1922. 8 fr.)

BURGER, O. *Venezuela. Ein Führer durch das Land und seine Wirtschaft.* (Leipzig: Dieterich'sche Verlagsbuchhandlung. 1922. Pp. vii, 272. 50 M.)

DASKALJUK, O. W. *Die Ukraine als Arbeitsfeld für Deutsche und deutsches Kapital.* (Berlin: Georg Stilke. 1922. Pp. 80. 15 M.)

DINGLE, E., editor. *The new atlas and commercial gazetteer of China.* Compiled by the Far Eastern Geographical Establishment. (New York: Dutton. 1922. \$160.)

DRAHN, E. *Friedrich Engels. Ein Lebensbild zu seinem 100 Geburtstage.* (Vienna: Verlag Arbeiter-Buchhandlung. Pp. 51.)

- DUBOSCQ, A. *L'évolution de la Chine, politique et tendances (1911-1921)*. (Paris: Ed. Bossard. Pp. 190. 9 fr.)
- EARLE, E. M. *An outline of the economic development of the United States*. (New York: Am. Inst. of Banking, 15 W. 37th St. 1921. Pp. 44. 75c.)
- VON ENGELN, O. D. *Inheriting the earth, or the geographical factor in national development*. (New York: Macmillan. 1922. Pp. xvi, 379. \$2.)
- FISKE, B. A. *Invention, the master-key to progress*. (New York: Dutton. 1921. Pp. ix, 356. \$4.)
- GAMBLE, S. D. and BURGESS, J. S. *Peking, a social survey, conducted under the auspices of the Princeton University Center in China and the Peking Young Men's Christian Association*. (New York: Doran. 1921. Pp. 538. \$5.)

In some centuries of books on China there has hitherto been not one exhibiting on a basis of intelligent, statistical inquiry and with fair approach to comprehensiveness the facts fundamental to Chinese life, such as family earnings and expenditure, the prevalence of disease, rates of marriage, birth and death, the activity of government as it affects the moral and material condition of the masses. The greater completeness and exactness of the present work has resulted partly from the commendable efforts and intelligence of a small number of foreigners, but it is also itself a product of the profound revolution now fairly begun under the vigorous stimulation of foreign aggression as well as foreign instruction and destined to alter the whole life of China. The foreigners could not have done this work without the coöperation of Chinese awake to the value of such an inquiry. The book is full of suggestions of the probable depth and scope of that revolution, as it has begun to touch the penal system, the position of women, the ancient literature, the monopoly of the guilds, the power of the bureaucracy now threatened by the mercantile class.

The opinion that poor relief, while not properly organized, is tolerably sufficient in the amount of money available (pp. 303-4) will surprise those readers who have been taught that the Chinese are indifferent to the sufferings of the poor. Another opinion common among foreigners, that smallpox is not a serious malady among Chinese, is set aside by a report that in 1917 fifty-four per cent of such cases were fatal. The vital statistics here reported are admittedly questionable, though their apparent abnormality may be due to the unrepresentative character of the population of the capital. In 1917 the police reports indicated a birth rate of 11.8 per 1000 persons, 32.6 per 1000 females, 51.1 per 1000 females of 16-50 years of age (p. 31). This is less than the rate in European as well as in other Asiatic countries. The births per 1000 females are less than the births per 1000 persons of *both sexes* in Japan, India, Ceylon, the Philippines and Korea, as well as among the Chinese in Formosa and in the Japanese leased territory of Kwantung—although the women in Peking above thirty seem to be practically all married. The Peking death rate is reported (p. 116) as ranging in a series of five years from 18.8 to 25.8 per 1000. These ratios are not far from those officially reported for Japan (20), India (28.7), and Korea (18 or 19). It is evidently improbable that the death rate either in Peking or among any of the other oriental populations just mentioned should have been even

for one year about equal to the average in England 1891-1900 (18.2) or that the Peking maximum for five years should have been less than 26, which is not far from the average of Italy, Bavaria and Saxony in the years 1891-1900 (24.2, 25.4 and 24 respectively), and it seems probable that in Peking as well as the other cases the returns are at fault. It is one of the merits of this extremely valuable work that difficulties of this class have been met with caution and discernment.

A. P. WINSTON.

GUEST, G. *An introduction to English rural history*. (London: Workers' Educational Assoc. 1920. Pp. 68.)

GREGORY, W. M. and GUITTEAU, W. B. *History and geography of Ohio*. (Boston: Ginn. 1922. Pp. vi, 282.)

HALL, H. *Classified list of agrarian surveys in the Public Record Office*. (London: London School of Economics. 1922. Pp. 23.)

HAUGER, A. *Zur römischen Landwirtschaft und Haustierzucht*. (Hanover: Schaper. 1921. 29 M.)

HEATON, H. *Modern economic history. With special reference to Australia*. (Adelaide, Australia: Workers' Educational Assoc. 1921. Pp. 288.)

HEITLAND, W. E. *Agricola: a study of agriculture and rustic life in the Greco-Roman world from the point of view of labour*. (Cambridge, England: University Press. (New York: Macmillan. 1921. Pp. x, 492. 47s. 6d. \$16.)

HERSENT, G. and others. *L'outillage économique de la France*. (Paris: Alcan. 1921. Pp. 237. 8 fr.)

A collection of lectures on the resources of France: M. Colson advocates a more rational extension of the railroad system; M. Hersent urges the development of larger docks; M. Colson writes of the possibilities of the development of water power for which capital is at present lacking; M. Barety tells of *Le Tourisme* under which he sums up all those attractions which cause such a large number of American dollars to be spent in France that they form a substantial item helping to reestablish a better exchange; M. Métayer tells of the mineral and metallurgical resources of the country.

R. R. WHITEHEAD.

JENNINGS, W. W. *The American embargo, 1807-1809. With particular reference to its effect on industry*. (Iowa City: University of Iowa. 1921. Pp. 242. \$1.50.)

This intensive study of the period of the embargo is one of a series in the University of Iowa Studies in the Social Sciences (vol. VIII, no. 1). Chapters are devoted to American Commerce, 1798-1807, Foreign Restrictions on Commerce, The Embargo in Legislation, Congressional Debate and Diplomacy, The Economic Effects of the Embargo on the Warring Nations with Particular Reference to England and Her Colonies, Attitude of the United States towards the Embargo, Growing Opposition to the Embargo; also chapters on the effect of the embargo on manufactures, commerce and agriculture. A valuable contribution of this work is the special study made of the economic effects of this legislation. The author draws the conclusions which many writers have reached with-

out investigation that "the demand for American manufactured goods increased, for, with the curtailment of foreign trade, many of our citizens had to buy at home or do without." Professor Jennings' research shows that the effects on foreign trade were most disastrous. Shipbuilding declined; many unemployed marines migrated to Canada or took service under a foreign flag; and those who remained at home faced unemployment and of these some merely "swelled our charity or prison population." Farmers likewise suffered greatly, particularly those who had been wont to look to the foreign market to consume a part of their surplus. Prices of many of the staples declined greatly during this period, debts of the farmers increased, mortgaging of property increased, and with it the inevitable foreclosures. The author has drawn abundantly upon the literature of the time to prove his various propositions. The volume is well documented; it is provided with an ample bibliography and with a very good index.

ISAAC LIPPINCOTT.

KÜHNERT, H. *Entwicklungsgeschichte der Wirtschaft in Thüringen. Ein volkstümlich-soziologischer Ueberblick.* Part I. (Jena: Jenaer Volksbuchhandlung. 1922. Pp. 45. 10.80 M.)

LANIER, H. W. *A century of banking in New York, 1822-1922.* (New York: Doran. 1922. Pp. x, 335. \$5.)

LEHFELDT, R. A. *The national resources of South Africa.* (Johannesburg: University of Witwatersrand. London: Longmans, Green & Co. 1922. Pp. 79.)

LICHTNER, O. C. *The history of business depressions; a vivid portrayal of periods of economic adversity from the beginning of commerce to the present time.* (New York: Northeastern Press, 119 Nassau St. 1922. Pp. 454. \$4.)

MACKAIL, J. W. *The life of William Morris.* New impression, two vols. in one. (New York: Longmans, Green & Co. 1922. \$3.50.)

MACMILLAN, A., compiler. *The red book of the West Indies: historical and descriptive, commercial and industrial facts, figures, and resources.* (London: W. H. & L. Collingridge. 1922. Pp. 424.)

MAUER, H. *Die private Kapitalanlage in Preussen während des 18. Jahrhunderts.* (Mannheim: Bensheimer. 1921. 20 M.)

MEEKER, E. *Seventy years of progress in Washington.* (Seattle, Wash.: Author. 1921. Pp. ix, 381.)

MORTARA, G. *Prospettive economiche 1922.* (Città di Castello: Soc. Tip. "Leonardo da Vinci." 1922. Pp. xx, 384.)

By far the larger portion of the treatment of each topic considered in this volume is concerned with conditions, circumstances and developments of the past, generally of 1921. In a very few lines, sometimes as few as four, is given the author's outlook, or expectation of developments, for 1922; analysis or argument does not appear here, and prediction is disclaimed. As it is to these lines that most persons who consult the book will turn, the book appropriately takes its title from them. The chapters take up such topics as grain, wine, silk, cotton, wool, iron, electrical energy, transportation by land and sea, public finance, money, labor.

R. F. FOERSTER.

- MOSCHELES, J. *Wirtschaftsgeographie der tschechoslowakischen Republik*. (Vienna: A. Haase. 1921. Pp. 162. 43.70 M.)
- MUELLER, H. R. *The Whig party in Pennsylvania*. Columbia University studies in history, economics and public law, vol. CI, no. 2. (New York: Longmans, Green & Co. 1922. Pp. 271. \$2.75.)
Contains a chapter on Texas and the Tariff, 1844-1846.
- MUIR, R. *A short history of the British Commonwealth*. Vol. I, *The islands and the first empire (to 1783)*. (Yonkers-on-Hudson, N. Y.: World Book Co. 1922. Pp. xvi, 824. \$8.)
- ODATE, G. *Japan's financial relations with the United States*. Columbia University studies in history, economics, and public law, vol. XCVIII, no. 2. (New York: Longmans, Green & Co. 1922. Pp. 136. \$1.25.)
- PARKER, E. H. *China, her history, diplomacy and commerce from the earliest times to the establishment of the Chinese Republic in 1917*. (New York: Dutton. 1922. \$5.)
- PAULUS, N. *Indulgences as a social factor in the middle ages*. Trans. by J. E. Ross. (New York: The Devin-Adair Co. 1922. Pp. 121.)
- PERCHOT, J. *Vers le libre relèvement économique et financier de la France. Discours prononcés au Sénat, 1916-1920*. (Paris: Alcan. 1921. Pp. 330. 6.75 fr.)
- PECK, A. S. *Industrial and commercial South America*. (New York: Dutton. 1922. \$5.)
- RADFORD, A. *Industrial and commercial geography*. (London: Collins. 1922. 3s. 6d.)
- REIMES, W. *Ein Gang durch die Wirtschaftsgeschichte*. (Stuttgart: Dietz. 1922. 24 M.)
- REW, H. *The story of the Agricultural Club, 1818-1921*. (London: King. 1922. Pp. xv, 205. 10s. 6d.)
- ST. LEWINSKI, J. *The founders of political economy*. (London: King. 1922. Pp. 173. 6s. 6d.)
- VON SCHEVEN, W. *Die Wechselwirkung zwischen Staats- und Wirtschaftspolitik in den schweizerisch-französischen Beziehungen der Restaurationszeit*. (Bern: Ernst Bircher. 1921. Pp. 95. 5 fr.)
- SCHIFF, M. L. *Europe in March, 1922*. (New York: Author, 52 William St. 1922. Pp. 41.)
- SCHLESINGER, A. M. *New viewpoints in American history*. (New York: Macmillan. 1922. Pp. x, 299.)
The author is professor of history in the University of Iowa. Contains chapters on the Influence of Immigration on American History, Economic Influences, Radicalism and Conservatism, and Economic Aspects of the Movement for the Constitution.
- SCHMIDT, F. A. *Die Volkswirtschaft im neuen Deutschland. Betrachtungen zur wirtschaftlichen Lage nach dem Londoner Ultimatum*. (Munich: Verlag d. Polit. Zeitfragen, F. A. Pfeiffer & Co. 1921. Pp. 64. 10 M.)

- STEINER, B. C. *Life of Roger Brooke Taney, Chief Justice of the United States Supreme Court.* (Baltimore: Williams & Wilkins Co. 1922.)
- VON STERN, E. *Sozial-wirtschaftliche Bewegungen und Theorien in der Antike.* (Halle: Niemeyer. 1921. 4 M.)
- STONE, G. *A history of labour.* (New York: Macmillan. 1922. Pp. 416.)
- VANDERLIP, F. A. *What next in Europe?* (New York: Harcourt, Brace & Co. 1922. Pp. vi, 308. \$2.)
- DEL VILLAR, E. H. *El valor geográfico de España.* (Madrid: Sucesores de Rivadeneyra. 1921. Pp. 300.)
- WILLIAM, M. *The social interpretation of history.* (Long Island City, N. Y.: Sotery Pub. Co. 1922. \$3.)
- Accessions of manuscripts, broadsides, and British transcripts, July 1, 1920—December 31, 1921.* Library of Congress, Division of Manuscripts. (Washington: Gov. Prtg. Office, Library Branch. 1922. Pp. 53.)
- Blue book of the state of Illinois, 1921-1922.* (Springfield, Ill.: L. L. Emerson, secretary of state. 1921. Pp. xi, 935.)
- Business prospects year book, 1922.* Edited by D. W. LLOYD and A. P. BARNETT. (Cardiff, England: Business Statistics Co. 1922. Pp. 373. 10s.)
- The city of New York. A few briefly stated facts of an economic, historical, and descriptive character about the city of New York.* (New York: Chamber of Commerce, 65 Liberty St. 1922. Pp. 44.)
- Commercial situation in Portuguese East Africa, October, 1921.* (London: King. 1922. 6d.)
- Commercial situation at Siam, September, 1921.* (London: King. 1922. 3d.)
- Economic and financial conditions in Germany to March, 1922.* Report by the Commercial Secretary to H. M. Embassy, Berlin. (London: King. 1922. 5s.)
- Economic and financial conditions in Paraguay, September, 1921.* (London: King. 1922. 1s. 3d.)
- Economic and financial conditions in Uruguay, November, 1921.* (London: King. 1922. 1s.)
- The greatest highway in the world; historical, industrial and descriptive information of the towns, cities and country passed through between New York and Chicago via the New York Central lines; based on the Encyclopaedia Britannica.* (New York: N. Y. Central Railroad Co., Publicity Dept. 1921. Pp. iii, 180.)
- The Russian states: a description of the various political units existing on Russian territory.* Compiled from material supplied by the British Trade Mission in Moscow. (London: King. 1922. 9d.)
- Situation économique de la Belgique, 2me semestre, 1921.* (Liege: Ministère des Affaires Etrangères. 1922. Pp. 122.)
- Venezuela en el centenario de su independencia 1811-1911. Publicación*

hecha de orden del CIUDADANO GENERAL JUAN VINCENTE GOMEZ. Vols. I and II. (Caracas: Tipografía Americana. 1922. Pp. xxii, 583; 593.)

Agriculture, Mining, Forestry, and Fisheries

The National Resources of South Africa. By R. A. LEHFELDT. (London: Longmans, Green & Company. 1922. Pp. 79.)

Since South Africa is famous for its production of diamonds in the rough, we may well expect to find something of the sort in a study of the income of that region made by a teacher in the infant University of the Witwatersrand—an infant still less than a year old. One is much surprised, then, to find the product not a rough stone but a polished gem of the first water. Too many of the works on the subject of income are characterized either by a labored and tiresome style or by a careless analysis of the problems involved. Professor Lehfeldt has accomplished the difficult task of presenting his subject in a pleasing, readable form; and he possesses such a good grasp of economic principles and has analyzed his problem so carefully that the reviewer has been able to detect surprisingly few flaws in the reasoning given.

The book is worth reading not only as an example of scientific analysis but also for the facts presented therein. Comparisons are made throughout with conditions in the United States, England, and Australia. The computation of the total income of South Africa is complicated by the fact that a large fraction of South African property is held abroad. The income of the average white inhabitant of South Africa is shown to be less than two thirds as great as that of the average inhabitant of the United States. There is, however, a striking difference between the average income of the whites and the average income of the whole population of South Africa, for four fifths of the inhabitants of this region are colored and the per capita income of this great majority of the inhabitants is estimated at the unbelievably small amount of £5½ per annum. South Africans must, then, be considered as economically much worse off than the people of the United States.

Mining, of course, plays a much more important and manufacturing a much less important rôle in South Africa than in the United States. That the foreign trade of the former is a matter of the first moment is evidenced by the fact that the value of exports equals half of the net value of goods produced—a proportion nearly ten times as great as that normally prevailing in the United States. Gold, diamonds, and wool are the leading exports. It will surprise most American readers to know that South Africa is a food importing rather than a food exporting region.

Despite the differences in average per capita income and the racial composition of the population, Professor Lehfeldt finds that in South

Africa, just as in England and the United States, wages and salaries account for about two thirds of the national income. He endorses the views previously set forth by Professor Bowley and by the present reviewer that it is not feasible to improve materially the condition of the wage-earning classes by any process of redistribution but that appreciable betterment can only be brought about by methods which will give greater per capita production.

Protectionism is apparently rampant in South Africa as well as in this country, but Professor Lehfelddt, like most economists, has little faith that this panacea, if put into operation, will accomplish as much good as harm.

This review may well close with the words of Premier J. C. Smuts, who writes the preface to the little volume—"The student of economics, the legislator, and the average citizen will read this book with profit, and I commend the author's views to the serious consideration of all."

WILLFORD I. KING.

NEW BOOKS

APOSTOL, P. and MICHELSON, A. *La lutte pour le pétrole et la Russie*. (Paris: Payot. 1922. Pp. 224.)

ARCHBALD, H. *The four-hour day in coal*. (New York: H. W. Wilson Co. 1922. Pp. xiii, 148. \$1.50.)

Eight compact chapters, entitled Grievances, Coal Mining, The Mine Foreman and His Problem, Time for the Miner, Amount of Work for the Miner, Record of Complaints in Illinois, Discouragements and the Lack of Thrift, and The Engineering Need, constitute this study of bituminous coal mining. The introductory note is by the Bureau of Industrial Research, and there are twenty-two charts and tables. Long experience as a mining engineer enables Mr. Archbald to analyze lucidly the problems of coal mining—its intermittent character, the technical difficulties of routing empty cars to avoid wasting the miners' time, the ineffectual struggles of poorly paid foremen against too much detail, all resulting in an average daily output of scarcely four tons instead of six or eight. The industry is speculatively overdeveloped, and some 100,000 miners too many are kept on hand (idle piece-workers costing the mines nothing) thus reducing the opportunities for work for all. When miners actually mine coal during only a quarter, perhaps, of possible working hours in a year, it is imperative that the price paid per ton be high.

The book is written without bitterness, and offers no easy solution. No distinction is made between conditions in union and non-union mines, except in stating that the latter lack means of redress for grievances, such as the union mines obtain through adjustment boards and union contracts.

VON BRAUN, E. *Die Hebung der landwirtschaftlichen Produktion als Grundlage des deutschen Wiederaufbaus*. Finanz- und volkswirtschaftliche Zeitfragen, Heft 78. (Stuttgart: Ferdinand Enke. 1921. Pp. 16. 3 M.)

- BURCHARD, E. F. *Cement in 1920. Mineral resources of the United States, 1920. Part II.* Issued by the Geological Survey. (Washington: Gov. Prtg. Office, Supt. Docs. 1922.)
- COPLAND, D. B. *Wheat production in New Zealand. A study in the economics of New Zealand agriculture.* (Melbourne: Whitcombe & Tombs. 1922. Pp. xviii, 311.)
- CRONSHAW, H. B. *Silver ores.* Imperial Institute monographs on mineral resources with special reference to the British Empire. (London: John Murray. 1921. Pp. ix, 152. 6s.)
- DAY, J. D. *Cotton industry of the Pacific-Southwest.* (Los Angeles, Calif.: First National Bank, Research Dept. 1922.)
- JERMSTAD, A. *Das Opium. Seine Kultur und Verwertung im Handel.* Chemischtechnische Bibliothek, 368. Bd. (Vienna: A. Hartleben. 1921. Pp. 208. 24 M.)
- JEVONS, H. S. *The economics of tenancy law and state management.* (Allahabad, India: University Press. 1921. Pp. 114.)
- JILLSON, W. R. *The coal industry in Kentucky; an historical sketch.* (Frankfort, Ky.: Kentucky Geological Survey. 1922. Pp. 87. \$2.)
- . *The conservation of natural gas in Kentucky.* (Louisville, Ky.: J. P. Morton & Co. 1922. Pp. 152.)
- KUNHARDT, J. C. G. *An analysis of the statistical position of rubber.* (London: Rickinson & Son. 1922. Pp. 44. 2s. 6d.)
- MEYER, E. *Agricultural and live stock conditions and finance. A report to the President.* (Washington: War Finance Corporation. 1922. Pp. 12.)
- MITZAKIS, M. *Oil encyclopedia.* (London: Chapman & Hall. 1922. 21s.)
- MORATH, R. *Der deutsche Kalibergbau.* (Nieder-Ramstadt: Carl Malcomes. 1921. Pp. 65. 11.60 M.)
- ORWIN, C. S. *Farming costs.* New edition. (Oxford, Eng.: Clarendon Press. 1921. Pp. 141.)
- OXHOLM, A. H. *Forest resources, lumber industry and lumber export trade of Norway.* Bureau of Foreign and Domestic Commerce, Special agents' series 211. (Washington: Gov. Prtg. Office, Supt. Docs. 1922. 30c.)
- PAGE, T. W. *Suggested reclassification and revision of sections of the tariff relating to agricultural products and provisions.* (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. ii, 226.)
- PEEK, G. N. and JOHNSON, H. S. *Equality for agriculture.* (Moline, Ill. Howard W. Harrington, Moline Plow Co. 1922. Pp. 32. 25c.)
- PENZER, N. M. *The tin resources of the British Empire. Raw materials of industry.* (London: William Rider & Son. 1921. Pp. x, 358. 15s.)
- PFEIFFER, K. C. T. *Geschichte des Zuckerrübenbaues und der Rübenzuckerindustrie in der Rheinprovinz.* (Leipzig: Kurt Shroeder Verlag. 1922.)
- REDWOOD, B. *Petroleum: a treatise on the geographical distribution and geological occurrence of petroleum and natural gas, etc.* Three vols. (London: Charles Griffin & Co. 1922. Pp. 1353. 105s.)

- SHEPARD, C. W. *Uncle Sam's free farms and ranches.* (Colony, Wyo.: Author. 1921. Pp. 18.)
- SKALWEIT, A. *Die Pacht in ihrer volkswirtschaftlichen Bedeutung.* (Leipzig: Kurt Schroeder Verlag. 1922.)
- STEBBINS, E. P. *The forests of India.* Two vols. Vol. I. (London: John Lane. 1922. 42s.)
- WARD, J. S. M. *Cotton and wool.* Raw materials of industry. (London: William Rider & Son. 1921. Pp. 270. 10s. 6d.)
- Agriculture. Provision of allotments by local authorities in Great Britain.* Report of Departmental Committee. (London: King. 1922. 6d.)
- Annual wool review, 1921. Domestic wool clip, imports of wool and manufactures and other statistical tables.* (Boston: National Assoc. of Wool Manufacturers. 1922. Pp. 220. 50c.)
Issued as a supplement to the January *Bulletin.*
- Deutsches Baumwollhandbuch. Jährliches Merk- und Nachschlagebuch für die Interessenten des Baumwollhandels und der Baumwollindustrie.* (Bremen: Debcha-Verlag. 1921. Pp. viii, 223, 107.)
- Farm census of the United States, 1919 and 1920. United States totals with comparative figures from the census of 1910.* (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 15.)
- Fur production of Canada, season 1920-1921.* (Ottawa: Dominion Bureau of Statistics, Fur Branch. 1922. Pp. 10.)
- Fisheries of the Far Eastern Republic.* Published by the Special Delegation of the Far Eastern Republic to the United States of America. (Washington: Delegation. 1922. Pp. 35.)
- Irrigation, 1919 and 1920. Fourteenth census of the United States.* (Washington: Gov. Prtg. Office, Supt. Docs. 1922. Pp. 38.)
- Mineral resources of the United States, 1918. Part I—Metals.* By the United States Geological Survey. (Washington: Gov. Prtg. Office, Supt. Docs. 1921. Pp. 149A, 1096. \$1.)
- Petroleum.* Prepared jointly by H. M. Petroleum Department with the coöperation of H. B. CRONSHAW. Imperial Institute monographs on mineral resources with special reference to the British Empire. (London: John Murray. 1921. Pp. x, 110. 5s.)
- Production de la soie en France et à l'étranger. Récoltes de 1916, 1917, 1918 et 1919.* (Lyon: Union des Marchands de Soie de Lyon. 1921. Pp. 48.)
- Reports on jute and silk.* Imperial Institute Indian trade enquiry. (London: John Murray. 1921. Pp. ix, 90. 5s.)
- Statistical report of the California Board of Agriculture for the year 1920.* (Sacramento, Calif.: Board of Agri. 1921. Pp. xiv, 375.)
- Summary report of investigations made by the Mines Branch during 1920.* (Ottawa, Canada: Dept. of Mines. 1922. Pp. 87.)
- Technical survey of agricultural questions.* International Labour Conference, third session. (Geneva: International Labour Office. 1921. Pp. x, 623.)

Wheat supplies. First report of the Royal Commission. (London: H. M.'s Stationery Office. 1921. Pp. vi, 95. 5s.)

Manufacturing Industries

NEW BOOKS

GARSDALE, A. H., compiler. *Standard cotton mill practice and equipment, 1921.* (Boston: National Assoc. Cotton Manufacturers, 45 Milk St. 1921. Pp. 180.)

GREW, W. F. *The cycle industry. Its origin, history and latest developments.* (London and New York: Pitman. 1921. Pp. x, 123. 3s.)

MICHEL, H. *Die hausindustrielle Weberei Deutschlands. Entwicklung, Lage und Zukunft.* (Jena: Fischer. 1921. Pp. vii, 144. 20 M.)

REYNEAU, P. O. and SEELYE, H. P. *Economics of electrical distribution.* (New York: McGraw-Hill. 1922. Pp. viii, 209. \$2.50.)

SIMON, A. L. *Wine and the wine trade.* (New York: Pitman. 1921. Pp. xi, 110. \$1.)

Arkansas marketing and industrial guide. (Little Rock, Ark.: State Bureau of Markets. 1921. Pp. 215.)

Directory of Massachusetts manufacturers. Issued under the editorial supervision of the Associated Industries of Massachusetts. (Boston: Sampson & Murdock Co., 377 Broadway. 1922. Pp. 674. \$6.)

Facts and figures of the automobile industry, 1922. (New York: National Automobile Chamber of Commerce, 366 Madison Ave. 1922. Pp. 96.)

The story of flour. (Minneapolis, Minn.: Pillsbury Flour Mills Co. 1922. Pp. 28.)

Twentieth annual meeting of the National Lumber Manufacturers Association, and fourth American lumber congress. (Washington: Wilson Compton, Secretary, Southern Bldg. 1922. Pp. 100.)

Year book, 1922. (Chicago: Commonwealth Edison Co. 1922. Pp. 32.)

Transportation and Communication

NEW BOOKS

DUNCAN, C. S. *Getting railroad facts straight—about wages; about maintenance; about valuation.* (New York: Assoc. of Railway Executives, 61 Broadway. 1922. Pp. 51.)

An answer to Frank J. Warne, witness for the railroad unions before the United States Senate Committee on Interstate Commerce.

ELLIS, W., compiler. *A cumulative edition of the Interstate Commerce act.* Two vols. (Washington: Cumulative Services. 1921. \$14.)

HUNGERFORD, E. *Our railroads tomorrow.* (New York: Century. 1922. Pp. 332. \$2.50.)

HUNTINGTON, W. C. *Analysis of French railroad situation.* Department of Commerce, trade information bulletin no. 17. (Washington: Supt. Docs. 1922. Pp. 24. 5c.)

KENNAN, G. *G. E. Harriman, a biography*. Two vols. (Boston: Houghton Mifflin. 1922. Pp. xvi, 421; 421.)

In addition to biographical data, this work is of permanent value for chapters on railroad development and finance. Describes in detail Harriman's connection with the Illinois Central, Union Pacific, Southern Pacific, Kansas City Southern, Erie and other railways. Several chapters are devoted to the struggle to obtain possession of the Chicago, Burlington and Quincy. In chapter 27, the author again returns to the criticisms of Harriman made by Professor Ripley in the *North American Review* in 1916 and answers them seriatim.

LANGENBECK, W. *Geschichte des Norddeutschen Lloyd*. (Leipzig: Paul Schraepfer. 1921. Pp. 122. 14 M.)

LEE, E. *What is ahead for our railroads?* Address before the Transportation Club, New York City, May 15, 1922. (Philadelphia: Pennsylvania Railroad System. 1922.)

MACELWEE, R. S. and RITTER, A. H. *Economic aspects of the Great Lakes-St. Lawrence Ship Canal*. (New York: Ronald. 1921. Pp. 291. \$4.)

Much interesting information has been brought together in this volume (which is referred to in the preface as a report) concerning a proposed Lakes to Ocean Ship Canal. Attention is given to the character of water transportation needed for the commerce of the Northwest; to the navigation conditions on the St. Lawrence route; to a comparison of the St. Lawrence with other ocean routes; to a comparison of navigation facilities on the Great Lakes with those of ocean ports; to the depths required for the accommodation of vessels engaged in maritime trade; to the type and sizes of vessels which carry the world's commerce, including a study of vessels passing through the Panama Canal between July 1, 1919, and June 30, 1920.

There is a discussion of the cost of transportation between Upper Lake ports and Liverpool; of the areas commercially tributary to the Great Lakes-St. Lawrence waterway; of production of the tributary area; of return loads; of the commerce of the Great Lakes; of the volume of commerce which would be affected by the proposed waterway; of the possible development of shipbuilding on the Great Lakes and the possibilities of power development in connection with the waterway. The volume contains many interesting tables, charts, and maps concerning the production and possible traffic of the Great Lakes region.

The authors state (preface, p. 3) that "prior to making this investigation, they, like many others, had formed an immature judgment that ocean vessels on this route could not compete with existing routes serving the Northwest"; that a "study of the factors affecting the costs and advantages of the various available routes and methods of transportation has served to dispel the impressions derived largely from reports submitted many years ago when the conditions and costs of transportation, as well as the needs of the vast territory served by the Great Lakes, were very different from what they are at the present time."

They contend (p. 53) that the elimination of excessive terminal costs and the avoidance of losses sustained by American shippers through inability to carry out their contracts will alone result in annual savings equal to the total cost of the proposed waterway. Again (p. 290) it is

claimed that "the saving on grain will amount to from 8 to 10 cents a bushel" and that "this saving will affect not only the grain which actually moves for export but practically all that produced within the area tributary to the Great Lakes," that "this saving will amount annually to approximately the entire cost of the improvement required to admit ocean vessels into the Lakes; also (p. 291) that the water-power development will "afford a revenue which will maintain the improvement and amortize the full cost within a reasonable period." It is maintained that the "railroads cannot afford to provide the excess equipment and the excess facilities at terminals to meet the heavy traffic burdens during crop-moving periods." But it is stated (p. 31) that "the opening of the Great Lakes to ocean vessels would provide a dependable outlet for the products of our chief surplus-producing areas and would decrease by fully 50 per cent the average rail haul to and from ship side"; that "it would constitute an effective regulator of rail rates and traffic."

No suggestions are made as to the mode of financing the project. It is not clear that it will be to the interest of the region bordering on the Great Lakes to finance the improvement, for if it is to cheapen the cost of transportation of grain materially this region might suffer from the competition of the far Northwest. The building of railroads in the Mississippi valley in the sixties and seventies lowered the value of Eastern farms, and seriously affected English farmers and the peasantry of Western Europe. If the interests not normally tributary to the area affected are to finance the project, it will be necessary to show that the investment will yield an adequate return; if it is expected that the government will subsidize the improvement it will be necessary to consider the obligation already assumed under the Transportation act of 1920, by which freight rates are to be fixed so as to give an adequate return to carriers. The plan suggested by the authors that the new waterway would provide "an effective regulator of rail rates," would appear to belong to that period of our transportation development when dependence was placed on competition rather than on government regulation of rates.

There does not appear to be sufficient evidence presented in the volume to warrant the conclusions the authors have reached. There are no facts concerning recent estimates of the cost of the project. Indeed, it is stated (p. 7) that "study of the engineering features of the proposed improvement is in progress."

C. O. RUGGLES.

McINTYRE, L. E. *Preliminary topical outline of the economics of highway transport*. (Washington: Highway and Highway Transport Education Committee, Willard Bldg. 1922. Pp. 59. 25c.)

PRATT, E. A. *British railways and the Great War*. In ten parts. (London: Selwyn and Blount. 1921. 3s. 6d. each.)

ROCHELEAU, W. F. *Transportation*. The great American industries series, fourth book. (Chicago: A. Flanagan Co. 1922. Pp. v, 275.)

Index-digest of decisions of the United States Railroad Labor Board. Compiled by Bureau of Information of the Southeastern Railways. (Washington: Railway Accounting Officers Assoc., 116 Woodward Bldg. 1922. Pp. 327. 50c.)

International and Great Northern Railway: position under the reorganization plan of June 1, 1922. (New York: Wood, Struthers & Co. Pp. 19.)

Rates of freight in the New Zealand trade. Report of the Imperial Shipping Committee. (London: H. M.'s Stationery Office. 1921. Pp. 23. 6d.)

Record of American and foreign shipping. (New York: American Bureau of Shipping. 1922. Pp. 1600.)

Statistics on the automobile, motor truck, motor cycle, 1922. (Des Moines, Ia.: Motor List Co. 1922. Pp. 32.)

What ails business? Catechism on the sources of buying power and a way to restore national prosperity through the resumption of railway purchases. (Chicago: Arthur Wyman, 1420 McCormick Bldg. 1922. Pp. 24.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

ALEXANDER, J. S. *Why we must have foreign trade.* (New York: National Bank of Commerce. 1922. Pp. 23.)

COOPER, C. S. *Foreign trade markets and methods.* (New York: Appleton. 1922. Pp. xv, 440. \$3.50.)

The appearance of another book by a writer whose opportunities to come in contact with the realities of foreign trade have been unusual, should arouse interest in the minds of students who have been searching in vain for a work upon foreign trade which would present a more thorough analysis of one or more of its phases than has hitherto appeared. According to Mr. Cooper's statement, an attempt is made to present somewhat specifically the "how and where" of foreign trade. Over one half of the book is devoted to chapters upon the "how" of export trade, the chapter headings such as Foreign Trade Requirements, Knowing the Export Business, Foreign Salesmanship as a Career, Export Advertising, Training for Foreign Correspondence, Literature and Study Courses for Foreign Trade Representatives, American Shipping, Marine Insurance, Cables, Financing Foreign Trade, Definitions of Foreign Trade Terms, indicating in general the type of material included and the sequence of thought, if there be any definite logic in the arrangement. The latter part of the work contains discussions of actual and potential markets for American goods, comprising mainly a series of running comments derived from travel and experiences of the author.

The volume is written in popular style and quotations are abundant; but, as a whole, the result is superficial, though interesting. The charge of superficiality is supported as respects the "how" of foreign trade by the fact that export organization is given only five or six pages, while there is practically no discussion of the export department, types of export departments and their relationships to other activities of the business. Export policies necessary for the conduct of any business are hardly touched upon. No mention is made of methods of management and control of sales operations, a weakness which is not confined to Mr. Cooper's book and is probably the result of the general viewpoint of those writing for the American business man upon foreign trade. In short, a book upon the "how" of foreign trade should take the viewpoint of the private business enterprise. The conduct of that private enterprise is deter-

mined largely by external conditions; nevertheless, within the limitations imposed by external conditions lies the whole field for individual management. The reviewer agrees wholeheartedly with the statement made by the author that "world markets must be won by men prepared in the new school of business, men whose geographical knowledge of and grasp of world politics are equal to their knowledge of particular lines of trade," but he would add that the men who are to win must have not only all the broad knowledge of external conditions and the knowledge of their trade, but also knowledge of the broader business principles upon which all selling is conducted.

HARRY R. TOSDAL.

CRAIN, G. D., JR. *Market data book and directory of class, trade and technical publications*. Second edition. (Chicago: Author, 537 South Dearborn St. 1922. Pp. 456.)

GRÜNFELD, E. *Die deutsche Aussenhandels-Kontrolle*. (Leipzig: Kurt Schroeder Verlag. 1922. Pp. viii, 100. 20 M.)

HENDERSON, H. D. *The Cotton Control Board*. (Oxford: Clarendon Press. 1922. Pp. 74.)

LAVINGTON, F. *The trade cycle. An account of the causes producing rhythmical changes in the activity of business*. (London: King. 1922. Pp. 113. 3s. 6d.)

LIGHTNER, O. C. *The history of business depressions*. (New York: Northeastern Press, 119 Nassau St. 1922. \$4.)

MOMBERT, P. *Einführung in das Studium der Konjunktur*. (Leipzig: G. A. Gloeckner. 1921. Pp. 226. 40 M.)

NEWMAN, A. J. *The commercial industries; a syllabus with bibliographies, references and study outline*. (Lawrence, Kan.: Dept. of Journalism Press, Univ. of Kansas. 1921. \$1.)

SMITH, J. G. *Organized produce markets*. (New York: Longmans, Green. 1922. Pp. ix, 238. \$4.)

TURPIN, H. *Le problème international du chômage*. (Paris: Giard. 1921. Pp. 116. 2 fr.)

An analysis of the causes of unemployment by one of the chief men in the coöperative glass-works at Albi. Like M. Bouniatian in *Les Crises Economiques*, the author attributes the crises which precede so much unemployment to the want of purchasing power on the part of the mass of the people, the growing wealth of the richer classes causing them to reinvest their surplus income as capital for the production of further commodities. The author's remedy is coöperative industry and production for use instead of for profit, and the elimination of the enormous waste caused by the present ways of distribution, of advertising, and of speculation. He advocates that the state should give the coöperative industries the right to issue paper currency on a certain percentage of their real possessions in goods, materials and factories, subject to state control, and he explains in what respect this differs from the issuing of assignats.

R. R. WHITEHEAD.

WINGEN, O. *Deutschlands künftige Stellung auf dem Weltmarkt*. (Nieder-Ramstadt: Carl Malcomes. 1921. Pp. 92. 15 M.)

- Annual statement of the foreign trade of Egypt during 1920.* Compiled by the Statistical Department, Cairo. (Cairo: Gov. Press. 1921. Pp. cxli, 299.)
- Annual statement of the trade and commerce of Saint Louis for 1921.* (St. Louis, Mo.: Merchants' Exchange. 1922. Pp. 217.)
- Chile and the United States, reciprocal resources.* (New York: Chile-American Assoc. 1921. Pp. 20.)
- Commerce de la Belgique avec les pays étrangers. Année 1920.* (Brussels: Ministère des Finances. 1921. Pp. 631.)
- Comercio exterior de la Republica de Colombia. Año de 1917.* (Bogota: Imprenta Nacional. 1921. Pp. xl, 388.)
- Commerce du Royaume de Bulgarie avec les pays étrangers. Importation, exportation, entrepôt et transit pendant les années 1913, 1914 et 1915.* (Sofia: Imprimerie de l'Etat. 1921. Pp. xvii, 586. 215 Lei.)
- Danmarks vareindførsel og -udførsel i aaret 1920. Udgivet af det Statistiske Departement.* (Copenhagen: Gyldendalske Boghandel, Nordisk Forlag. 1922. Pp. 259. 4 Kr.)
- Glassware trade. Final report by a subcommittee appointed by the Standing Committee on Trusts (Profiteering acts, 1919 and 1920).* (London: H. M.'s Stationery Office. 1921. Pp. 12. 2d.)
- Imported merchandise entered for consumption in United States, and duties collected thereon for calendar year 1921.* Annual report of foreign commerce and navigation for year ending 1921, table no. 9. (Washington: Supt. Docs. 1922. 10c.)
- Imports of merchandise into the United States, by articles and countries during the year ending June 30, 1913 and calendar years, 1918-1921.* Annual report on commerce and navigation for 1921, table no. 3. (Washington: Supt. Docs. 1922. 10c.)
- Latin American foreign trade in 1920; general survey.* (Washington: Supt. Docs. 1922.)
- Report on the grain trade of Canada, 1921.* (Ottawa: Dominion Bureau of Statistics, Internal Trade Branch. 1922. Pp. 153.)
- Report on iron and steel products. Cut nails, bolts and nuts, and horse nail trades (Profiteering acts, 1919 and 1920).* (London: H. M.'s Stationery Office. 1921. Pp. 12. 2d.)
- Republica Portuguesa. Comércio e navegacao. Anno de 1918.* (Lisbon: Imprensa Nacional. 1921. Pp. lxxxviii, 375.)
- Sea-borne trade of British India with the British Empire and foreign countries. Annual statement for the year ending March 31, 1920. Vol. II, Abstract and detailed tables of the trade and shipping with each country. Fifty-fourth issue.* (Calcutta: Supt. Gov. Prtg. 1921.)
- Trade of India in 1920-1921.* (Calcutta: Supt. Gov. Prtg. 1921. Pp. vi, 101. 12 annas.)
- Trade of the United Kingdom with foreign countries and British possessions, 1920. Annual statement. Vol. II and III.* (London: H. M.'s Stationery Office. 1921. Pp. iv, 849; iii, 586. 2£; 1£ 7s. 6d.)

Accounting, Business Methods, Investments and the Exchanges

Speculation. Its Sound Principles and Rules for Its Practice. By THOMAS TEMPLE HOYNE. (Chicago: Economics Feature Service, 1014 South Michigan Avenue. 1922. Pp. 279. \$2.50.)

This book is exactly what it purports to be, namely, a discussion of both the theory and the practice of organized speculation. The main strength of the book—and it has many strong points—is the author's familiarity with both the literature and the concrete facts of his subject. He writes of speculation as one "on the inside." Perhaps the chief weakness of the book, if it be a weakness, is the controversial element introduced by his long discussion of "Professor Fisher's mad dollar" and the rather long and caustic remarks about the farmers' coöperative grain-selling movement.

The material in the book is well organized, and is presented with literary finish. Part I (122 pages) treats of Speculation and Economic Fallacies. Price and value, speculation and gambling receive a very full treatment. "Speculative force," says the author, "is that tendency in man to act in regard to the production, acquisition or distribution of wealth in accordance with his speculative theorizing concerning the future, the attribute which above all others distinguishes him from the brute. It is the tendency to translate into advantageous action the result of using his brains." This speculative force, the author claims, expresses itself in exchange, and economics is primarily the science of exchange.

Speculation and gambling are contrasted. Gambling is an amusement; speculation is an occupation that confers a benefit upon society. (In another connection the author defines speculation as that kind of exchange which records the effort to increase the capital involved in making it without any necessity for labor or service.) In speculation both parties may profit or both lose, or one may profit and one may lose. In gambling there must be a loss for every gain. Speculation confers some economic benefit upon society, but gambling does not.

The author's discussion of price and value shows very keen analysis of this hard problem. Some quotations will suffice to give his views:

Value is an idea—an opinion—of what price should be. It is not the estimation of any one individual, but is the opinion of what that definite amount of money is—always unknown in most cases—which theoretically would be reached as a price by a compromise of all those persons qualified to judge in the particular instance, if they sat in joint consideration. Furthermore, presuming that such an imaginary conclave did actually gather and did set the value on any article in the world, that value would not, in all probability, remain fixed for any protracted period of time. It might change the very next instant. This is because value is merely opinion.

Value, then, as I understand and define the term, is the ideally true ratio for exchange between money and the thing valued. This true ratio is always a difficult relation to discover (perhaps in no case can it be certainly discovered), and individual opinion concerning what it is almost invariably, but not always, differs, no matter what the thing under consideration may be.

The quest for true values, true ratios of exchange, says the author, constitutes the fascination and romance of business. Differing opinions are reflected in bids and offers, finally culminating in price; and since opinions differ, prices fluctuate. Panaceas to prevent price fluctuation, therefore, the author characterizes as "Alice-in-Wonderland absurdities." In this category he places Fisher's "mad dollar" and the United States Grain Growers' wheat pool.

"To suggest," says the author, "that a money standard, or a monetary system, or a 'coöperative' plan can be devised that will practically eliminate changes in value, and hence changes in price, and thus put an end to speculation is no more nor less than to suggest a device for making the opinions of mankind agree and remain immutable. Such a suggestion contemplates extracting from human nature its dominant characteristic—difference of individual opinion concerning the unknown."

Part II of the book (126 pages) can be briefly summed up. It contains the rules of speculation—how to make an art of it. The author first gives the historic background of speculation, characterizing it as the natural and unconscious development by economic society of aids to better distribution. He considers the problem of distribution as greater than the problem of production.

An organized speculative market, a broad market, according to the author, is the nearest realization we can have of the bringing together and making identical in each exchange of the price and value of the articles dealt in, and this kind of a speculative market has added value by being liquid, and by stabilizing values. The rules for making a success of speculation, elaborated very fully, are reduced to these four: (1) Do not over-trade. (2) Always definitely fix the amount of profit sought in a speculation and the amount of loss that will be submitted to. (3) Think for yourself. (4) Do what you have decided to do.

Economists will doubtless find it interesting and wholesome to read what a "practical man" has to say about them and their field of work. In the opinion of the reviewer Mr. Hoyne has done notably constructive work in helping us forward towards a better statement of our theories of value and price.

JAMES E. BOYLE.

Cornell University.

The Stock Market. By S. S. HUEBNER. (New York: D. Appleton & Company. 1922. Pp. xv, 496. \$3.00.)

The Work of the Stock Exchange. By J. EDWARD MEEKER. (New York: The Ronald Press Company. 1922. Pp. xxiii, 633. \$5.00.)

A long time has elapsed since a publication of an authoritative character has been written upon the stock exchange. A large part of the literature in this field has been written by individuals possessing a gift of clever phrasing and one or two hackneyed ideas rather than any real understanding of the problem. As a result, in no field of economic literature have we had so much of writing and so little of value published. It is consequently refreshing to have the simultaneous appearance of two well organized and scholarly treatises on the stock exchange.

Professor S. S. Huebner's book, *The Stock Market*, was originally announced in the syllabus of the Investment Bankers' Association on *The Stock Exchange Business* in 1918. The excellent and comprehensive outline contained in the references to the chapter headings of Professor Huebner's book in this syllabus aroused our interest in its publication. The waiting has been worth while. The formulation and organization of the book represents seventeen years of teaching in the Wharton School of Commerce. Mature deliberation and careful organization is evidenced throughout the book.

The subject-matter of the book is divided into four parts: (1) Services Rendered by the Organized Stock Market; (2) Organization and Operation of the Market; (3) Factors Affecting Security Prices and Values; and (4) Legal Principles Governing the Stock Exchange Business. These divisions are subdivided into twenty-five well-balanced chapters which make the book well adapted for textbook purposes. On the other hand, though the book is developed along textbook lines, thus avoiding the inherent tediousness of a mere reference work, it is sufficient in its detail to be used as a handbook in actual practice. In all of the practices and regulations governing the stock exchange constitution and by-laws, the author has followed rather closely the order followed in these instruments.

Under the "Services rendered by the organized stock market" of Part I, the general economic functions of a stock market are explained. In this group of chapters, particular emphasis is given to the nature of the market, the discounting function and the function and defense of short selling. This is followed by a discussion of the regulations of the brokers' conduct and relation to the customer. This chapter is followed in turn by chapters explaining the character of options and arbitrating. Just why this order has been followed in the last four chapters of Part I, is not quite clear to the reviewer. Under the group of chapters in Part II, the technical character of the stock

exchange organization and the method by which securities are listed, bought or sold and transferred through the stock exchange by its members, are treated. Special chapters are also devoted to the short sale, the conversion of securities and privileged subscriptions of rights. This section of the book will without question be the most valuable for practical reference. Part III is devoted to the factors affecting security prices. As this is the least understood, yet the most important phase of the security market, the treatment in this section seems rather meager. Of course, a complete treatment of this aspect of the problem would engage an entire volume in itself and in order to confine the complete discussion of the stock market in one volume the author could well claim justification for this brief discussion. For example, no use has been made of Wesley Mitchell's extensive studies on Business Cycles or such studies as are now being carried on by the Harvard Bureau, though the latter has by no means entirely proved its method of predicting market movements as far as the security market is concerned. The more pertinent objection to including such material, needless to say, would be the rather impossible task of reducing such statistical and highly technical data to the comprehensive basis in a few chapters of a textbook, without the sacrifice of scientific accuracy and completeness. Part IV gives an unusually good brief summary of "the legal principles and usages governing the stock and bond market." This discussion includes as well an interpretation of the leading court cases which govern the relations and obligations between broker and customer.

This book, which is clearly a textbook on the stock market, deserves the highest commendation. No book yet written in the field of stock market operations and organization so well adapts itself to classroom purposes, and instructors who have been offering work in the field of security markets will more than welcome Professor Huebner's book.

While Huebner's book on the stock market is primarily a textbook, J. E. Meeker's book is more particularly a technical handbook on stock exchange operations. This does not imply that the contents of Mr. Meeker's volume are above the understanding of the average reader. It is an exceptionally readable book on a highly technical subject. Mr. J. Edward Meeker, as economist of the New York Stock Exchange, has been in an unusual position to secure personal information which is so valuable in the compilation of a book of this character. The author states, however, that "the present study is in no sense an official publication of the stock exchange, nor does it bear any official indorsement by that body."

The book is a very complete and a very detailed study of the machinery, operations and economic functions of the stock exchange. The text has numerous photographic illustrations and a large number

of forms used by brokerage houses and the stock exchange clearing house. An extensive appendix of valuable technical material is included which is of value to both teacher and broker. A very large amount of new material hitherto not published has been issued for the first time. This applies particularly to the material on odd lot traders, floor trader specialists, collateral loan market and the stock exchange clearing house.

The method of approach followed by Mr. Meeker to the problem of the stock market materially differs from that of Professor Huebner. The former reverses the order of approach of the latter, *i. e.*, the organization and technique of operations are first covered and followed by a discussion of the functions of the organized exchange market. In this latter are included a consideration of the dangers of speculation and the regulations of the exchange in protecting the buyer and the seller.

The author has purposely, as he again states in his preface, shunned controversial questions, yet all moot questions have not been avoided as, for example, that of incorporation of the exchange (p. 349), though in all such cases the author has quite closely adhered to a brief statement of the historical facts. It would, however, seem desirable to the reviewer to have included a considerable discussion of such problems as the auditing of member accounts, recently adopted in modified form by the New York stock exchange. Where the author has been obliged to deal with a moot question, he treats his problem with fairness, though a conscious effort seems to have been made to set forth only those things which could be praised and omit all others. On the other hand, as implied in the comments on Professor Huebner's book, strong objection can be raised against the inclusion of much of the temporary controversial material, too often merely political, and of passing interest in a purely scientific work.

Where more extended courses are given in the subject of stock exchanges, Mr. Meeker's book should prove to be an excellent companion and reference book to Huebner's text. The detailed method, however, in which Mr. Meeker has treated operations and transactions will necessitate rather frequent revision as changes in the governing rules of the stock exchange are frequently made.

WALTER E. LAGERQUIST.

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Electrical Rates. By G. P. WATKINS. (New York: D. Van Nostrand Company. 1921. Pp. 228.)

The electrical business has developed with leaps and bounds during the past twenty years. This has been especially true during the past ten years, with the introduction of larger and much more economical

central station generating units and with the great improvements in transmission over long distances from the central stations.

This technological or physical development has brought about a corresponding importance in the economic phases of the business relating to investment, operating costs, rates, and return on investment. Dr. Watkins in the present volume has devoted himself especially to the economic problem of rate making. Unfortunately, electrical rates have become established largely through more or less haphazard business expediency, modified by political considerations, with comparatively little direct regard for the economic background of sound rate policy. Dr. Watkins has thus performed a signal service in presenting and discussing the economic phases of electrical rate making.

The book contains eight chapters, also a number of diagrams and curves representing electric supply and conditions of electrical rate systems. A detailed analysis cannot be made for lack of space. The subject is so technical and complicated that a reliable comprehensive summary of the content and point of view is difficult. The scope of the book is indicated by the chapter headings: The peculiar interest and importance of electrical rates; Types and elements of electrical rates described; The reimbursement of separable or prime cost; Class rates and rate differentiation; Load-factor rates; Wholesale rates and quantity discounts; The general theory of differential rates; Suggestions for a model rate schedule.

The author describes the principal classes of rates ordinarily employed in the electrical business and analyzes them from the economic background. Perhaps a fair general statement of his view of a desirable system of rates is that each consumer or group of consumers should pay as nearly as possible the so-called "separable" or "direct" or "prime" cost which is incurred directly for the consumer or the group, and in addition should contribute to the remaining "non-separable" or "joint" or "fixed" costs, including return on investment, upon such "differential" bases as will obtain the maximum economical utilization of the plant and distribution system.

Rate schedules have been fixed more or less clearly on theories of complete cost analysis, with the general effect of merely pro-rating or apportioning the non-separate or joint costs on the basis of assumed relative demand on the investment in plant capacity. This is usually determined by the maximum kilowatt required by each consumer compared with the total maximum kilowatt demand upon the central station, provided for directly or indirectly by a "maximum demand" charge. Dr. Watkins distinguishes such maximum demand rates based upon cost apportionment from differentiation, which has in view the maximum utilization of the investment and seeks the apportion-

ment of all joint costs above the direct or separable costs with the purpose of obtaining such maximum economical utilization.

Dr. Watkins recognizes, however, that in special instances the maximum demand of the consumer is a proper factor in rate making: where such demand actually adds correspondingly to the peak load of the system and requires a proportionate additional investment in plant capacity. In such instances, however, the demand factor becomes in reality a separable cost chargeable directly to the consumer and not a joint cost subject to differential rate grouping. For the most part, however, individual maximum demands have little relative significance except as they coincide with the peak load; but even in such cases they may improve the load factor of the system and thus diminish the joint costs in proportion to the kilowatt hour output. But if the individual's maximum demand does not coincide with the system peak, then it does not add proportionately to the central station requirements and does not furnish a direct measure of joint costs with which it should be properly charged. If it comes off the peak entirely it deserves even favorable consideration in the allocation of joint cost. Moreover, in the case of the mass of small consumers there is no practicable measure of the maximum demand.

The system as a whole is as much interested in filling up the valley of its load curve as in keeping down the peak. A controlling consideration, therefore, in developing a system of differential rates is to obtain the greatest density of use with the maximum leveling of the load curve. A proper system of rates would thus include (1) all direct or separable costs partly as a consumer or meter charge and partly as a flat kilowatt hour charge and (2) such a proportion of the joint or non-separable costs as will best develop the business to maximum utilization, providing however that all joint costs incurred by the system are absorbed by the total charges to all classes of consumers. A model rate schedule is outlined in the concluding chapter. This provides for a maximum demand charge for large consumers where the maximum can actually be measured by meter. For the small consumers, there is a meter charge and a rather low kilowatt hour charge, with a discount for contribution to density (a measure which is outlined). Provision is made also for special rates to meet practical conditions which cannot be provided for in a general schedule.

Dr. Watkins practically adopts the common policy underlying railway freight rates, although because of the character of the business he employs an altogether different group of technical terms. In effect he would classify the service on the basis of the ability of each class to absorb the joint or non-separable costs. This is the underlying technical view of railway freight classifications and charging "what the traffic will bear." This appears to be sound principle; it avoids

arbitrary assignment of costs to particular groups of service, which may retard the economical utilization of the plant and equipment and would result in greater joint costs to be absorbed by all other classes of consumers. The statement of principle, however, is one thing, but practical application is quite another. Differentiation readily shades into discrimination and unjustified rate competition, which in the past characterized the railway freight rates and has by no means been absent from the electrical business. This danger, however, is clearly recognized by Dr. Watkins; but with clear understanding of the danger and with readiness to adjust rates that prove to be uneconomical, the principle of rate differentiation appears to be sound and should control in the establishment of electrical rate schedules. In any event, the principle can be worked out only through a very large amount of practical experimentation.

The book will undoubtedly be read chiefly by specialists interested in electrical rate making. It should be of interest and great value, however, also to the general economist in that it presents the difficulties of price making in a great modern industry. It furnishes an excellent opportunity to match up very carefully one's ideas of marginal utility or supply and demand in determining actual prices charged in the sale of an important service.

JOHN BAUER.

New York City.

NEW BOOKS

ASPLEY, J. C. *How to sell quality; a resumé of methods successfully used by prominent salesmen to meet price competition; hold customers for the future and to cement good-will.* Second edition. (Chicago: Dartnell Corporation. 1922. Pp. 111. \$1.10.)

———. *What a salesman should know about credits.* Third revised edition. (Chicago: Dartnell Corporation. 1921. Pp. v, 102. \$1.10.)

BASSETT, W. R. *Getting a profit out of low prices.* The Sphinx Talks, May, 1922. (New York: Miller, Franklin, Bassett & Co., 347 Madison Ave. 1922. Pp. 15. 10c.)

BATARDON, L. *Traité pratique des sociétés commerciales au point de vue comptable, juridique et fiscal.* (Paris: Lib. Dunod. 1922. Pp. 890. 55 fr.)

BENSON, P. A. and NORTH, N. L., JR. *Real estate principles and practices.* (New York: Prentice-Hall. 1922. Pp. x, 342.)

BLACK, H. C. *A treatise on the law and practice of bankruptcy, under the act of Congress of 1898, and its amendments.* Third edition. (Kansas City, Mo.: Vernon Law Book Co. 1922.)

BULL, A. E. *Buying goods; the commercial buyer and his work.* (New York: Pitman. 1922. Pp. vii, 96.)

BURCHELL, D. E. *Industrial accounting*. (Cambridge, Mass.: Author. 1921.)

CALKINS, E. E. *The advertising man*. (New York: Scribner's. 1922. Pp. 205. \$1.25.)

CANNONS, H. G. T. *Bibliography of industrial efficiency and factory management*. (New York: Dutton. 1922. \$5.)

CHAFFEE, F. E. and KERBY, M. *Self-service in the retailing of food products*. Department of Agriculture bull. no. 1044. (Washington: Supt. Docs. 1922. Pp. 52. 10c.)

CHARTERS, W. W. *How to sell at retail*. (Boston: Houghton Mifflin. 1922. Pp. viii, 326. \$3.)

The method employed in the writing of this volume is "that of finding out practical difficulties of salesmen, collecting the practical methods used by expert salespeople in meeting these difficulties, and using the principles to explain the methods." Sixty difficulties encountered by retail salespeople are listed. Twenty-five people were trained in the methods of interview, after which training they had conferences with three hundred expert salespeople selected from large department stores. By this means methods used by from thirty to one hundred and ten experts in handling each difficulty have been gathered and organized in the text.

CLARK, W. I. *Health service in industry*. (New York: Macmillan. 1922. Pp. ix, 168.)

COLEMAN, E. J. *Cost accounting in the canning industry*. Official publications, vol. III, no. 17. (New York: National Assoc. of Cost Accountants. 1922. Pp. 19. 75c.)

CONYNGTON, T., BENNETT, R. J. and PINKERTON, P. W. *Corporation procedure; law—finance—accounting*. (New York: Ronald. 1922. Pp. xx, 1689. \$10.)

CONYNGTON, T., KNAPP, H. C., and PINKERTON, P. W. *Wills, estates, and trusts: a manual of law, accounting, and procedure, for executors, administrators, and trustees*. Two vols. (New York: Ronald. 1921. Pp. 825. \$8.)

Two members of the New York Bar, Messrs. Thomas Conyngton and Harold C. Knapp, and an associate of the American Institute of Accountants, Mr. Paul W. Pinkerton, have coöperated in the publication of these two volumes. The purpose is to provide a working manual for executors, administrators, and trustees. The subject-matter is grouped as follows: part I, Transfer of property by death; part II, Settlement of estates; part III, Taxes; part IV, The law of trusts; part V, Banks and trusts companies as trustees; part VI, Accounting for estate of decedents; part VII, Forms.

CURRY, P. E. and RUBERT, V. M. *Business arithmetic*. (Cincinnati, O.: South-western Pub. Co. 1922. Pp. 320. \$1.32.)

EDGERTON, E. I. and BARTHOLOMEW, W. E. *Business mathematics. A textbook for schools*. (New York: Ronald. 1921. Pp. 305.)

Contains chapters on Sales and Profits, Statistics, Pay-roll Calculations, Interest, Depreciation, Insurance, Exchange, Taxes, Interest on Bank Accounts, Graphical Representation, Averages, Commercial Applications of Logarithms.

- ESQUERRÉ, P. J. *Practical accounting problems, theory, discussion, and solutions*. Part II. (New York: Ronald. 1922.)
- FLEMING, A. P. M. and PEARCE, J. G. *Research in industry; the basis of economic progress*. (New York: Pitman. 1922. Pp. xv, 244.)
- FROTHINGHAM, F. E. *Muscle Shoals from the banker's point of view*. (Boston: Author, Coffin & Burr. 1922. Pp. 12.)
- GERTSENBERG, C. W. *The law of bankruptcy*. (New York: Prentice-Hall. 1922. Pp. 200. \$2.50.)
- HAENISCH, F. A. *Some cost problems in the Hawaiian sugar industry*. Official publications, vol. III, no. 4. (New York: National Assoc. of Cost Accountants. 1921. Pp. 16. 75c.)
The fifty or so plantations are controlled by the Hawaiian Sugar Planters' Association. The cost accounting of the industry is being standardized more and more, and is here discussed under headings including Labor (the most important item, and that involving the greatest problems), Operating Expenses, The Cultivating Contract, Pay Roll Analysis, Manufacture and Shipment of Sugar, By-Products, Indirect Expenses, and Fixed Charges. The last includes the "bonus" which is paid on the basis of the price of sugar in New York, regardless of the profit or loss of the individual plantation paying the bonus.
- HAYWARD, W. R. and PRICE, I. *Progressive problems in bookkeeping and accountancy*. (New York: Macmillan. 1922. Pp. viii, 149. 80c.)
- HAZELL, W. H. H. *Costing for manufacturers*. (London: Nisbet. 1922. Pp. 161. 12s. 6d.)
- HOENIG, L. J. *Modern methods in selling; a book for every man and woman in business*. (Indianapolis: Bobbs-Merrill Co. 1922. Pp. 299.)
- HOWE, J. A. *Iowa probate law; the settlement of estates, legal duties of executors, administrators, guardians and trustees*. (Des Moines, Ia.: Registers and Tribune Job Office. 1922. Pp. 125.)
- HYSELL, H. *The science of purchasing*. (New York: Appleton. 1922. Pp. xi, 261. \$2.50.)
- JESNESS, O. B. *Coöperative marketing*. Circular no. 115. (Lexington, Ky.: Univ. of Kentucky, College of Agriculture, Extension Div. 1922. Pp. 22.)
- KOKINS, I. W. *The scrap problem*. (New York: National Assoc. of Cost Accountants. 1922.)
- KRAUSE, L. B. *Better business libraries; talks with executives*. (Chicago: The Indexers Press, 5526 S. Park Ave. 1922. Pp. 97. \$1.80.)
- LAUCK, W. J. and WATTS, C. S. *The industrial code. A survey of the post-war industrial situation, a review of wartime developments in industrial relations, and a proposal looking to permanent industrial peace*. (New York: Funk & Wagnalls. 1922. Pp. v, 571. \$4.)
- LENT, F. *Grundriss der Freiwilligen Gerichtsbarkeit*. (Leipzig: Deitcheutsche Verlagsbuchhandlung. 1922. Pp. 108. 110 M.)

A minute account of the conditions of 'voluntary arbitration' of civil

cases in Germany and of the proceedings in them, with a classification of such cases as are within the competence of the courts of arbitration.

R. R. W.

LONCEL, E. *Calcul du rendement des obligations à long terme.* (Paris: Boyveau et Chevillet. 1922. Pp. 88.)

LORD, I. E. *Getting your money's worth; a book on expenditure.* (New York: Harcourt, Brace & Co. 1922. Pp. vi, 210.)

MARSHALL, L. C. *Cases and problems.* No. 1, *The Noel Slate and Manufacturing Company.* Materials for the study of business. (Chicago: Univ. of Chicago Press. 1922. Pp. 52. 52c.)

MUNN, G. G. *The paying teller's department.* (New York: Bankers Pub. Co. 1922. Pp. 144.)

OERTMANN, P. *Die Geschäftsgrundlage; ein neuer Rechtsbegriff.* (Leipzig: Deichertsche Verlagsbuchhandlung. 1921. Pp. 179. 150 M.)

A discussion of the conditions of business contracts and of obligations under testaments, and of the cases in which, owing to a change of circumstances, such obligations may be annulled according to German law.

R. R. W.

PARSONS, T. *Laws of business for all the states and territories of the Union and the Dominion of Canada.* New enlarged edition. (New York: Doran. 1922. Pp. xix, 961. \$6.)

PILLING, E. W. *Premium bond values tables; showing values of and yields from bonds redeemable at a price other than par.* (Boston: Financial Pub. Co. 1922. Pp. 75. \$7.50.)

PIXLEY, F. W., editor. *The accountant's dictionary.* Two vols. Vol. I. (New York: Pitman. 1922. Pp. 495. \$18.)

ROBERT, U. and MULHERN, J. J. *Cost accounting in the oil refining industry.* Official publications, vol. III, no. 18. (New York: National Assoc. of Cost Accountants. 1922. Pp. 12. 75c.)

Phases of oil refining operations, organization of the cost department, classification of accounts, accumulation of costs by processes and departments, apportionment of process costs, and delivery cost records are described.

SAPIRO, A. *Addresses on coöperative marketing.* (Toronto, Ontario: Ontario Dept. of Agri. 1922. Pp. 39.)

SHEAFFER, W. A. *Metropolitan system of bookkeeping, embracing theory and practice of bookkeeping and accounting for high schools, parochial schools, academies and all other schools teaching the subject.* New edition. (Chicago: Metropolitan Text Book Co. 1921. Pp. 208.)

SHIRUBSALL, F. W. *Efficient salesmanship; the organization and management of the sales department.* (New York: Pitman. 1922. Pp. ix, 117. 85c.)

SOURIAU, M. *Notions de sociologie appliquée à la morale et à l'éducation.* (Paris: F. Nathan. 1921. Pp. 141.)

SPENCER, W. H. *Law and business.* Vol. III, *Law and risk-bearing; law and labor; law and the form of the business unit.* (Chicago: Univ. of Chicago Press. 1922. Pp. xviii, 653. \$4.50.)

SPILKER, J. B. and CLOUD, P. G. *Real estate business as a profession.* (Cincinnati, O.: Stewart, Kidd Co. 1922.)

STOCKDER, A. H. *Business ownership organization.* (New York: Holt. 1922. Pp. xvii, 612.)

STRONG, E. K. JR. *The psychology of selling life insurance.* (New York: Harper Bros. 1922. Pp. xii, 489. \$4.)

The author's intention to present a "psychology that would explain in non-technical language the principles of selling life insurance" has been effectively and interestingly accomplished. He replaces the customary elaborate description of supposed states of mind with definite functional facts; he replaces salesmanship deduced from theoretical psychology with practical psychology induced from actual sales experiences. The complete quotation of several of these sales experiences serves in general as the nucleus of the volume, and in particular drives home the author's reiteration that the salesman must think out concretely and specifically his "strategy of selling" for each individual prospect. The book is so definitely and concretely organized, and so profuse with forceful illustrations that it cannot but stimulate any salesman to a more vigorous service.

CHARLES LEONARD STONE.

SZEPESI, E. *Cost control and accounting for textile mills.* (New York: Bragdon, Lord & Nagle Co. 1922. Pp. xxiv, 441.)

TIPPER, H. *Human factors in industry, a study in group organization.* (New York: Ronald Press Co. 1922. Pp. 280. \$2.)

VIRGIN, R. Z. *Mine management; a practical handbook for use in vocational schools, mining colleges and universities.* (New York: D. Van Nostrand Co. 1922. Pp. xi, 109. \$2.)

WAITE, J. B. *The law of sales.* (Chicago: Callaghan. 1921. Pp. xii, 385.)

WALTER, F. W., editor. *The retail charge account.* Prepared under the direction of the educational committee of the Associated Retail Credit Men of New York City, Inc. (New York: Ronald. 1922. Pp. xiii, 264. \$3.)

WHITEHEAD, E. J. *The law of real property in Illinois.* (Chicago: B. J. Smith & Co. 1922.)

WILLARD, R. E. *Simple farm accounts; a textbook and guide.* (Fargo, N. D.: Author. 1922. Pp. 106. \$1.75.)

ZOELLER, K. W. *Merchandising the plumbing business.* (Chicago: Domestic Engg. Co. 1921. Pp. 107.)

Commercial libraries and the department of commerce. (Washington: Special Libraries Assoc. 1922. Pp. 23.)

Coöperative competition. Twenty-five illuminating articles on trade associations with an introductory article by HERBERT HOOVER. (New York: Evening Post. 1922.)

Course in textile production methods. Vol. I, *Team leadership.* (New York: Business Training Corporation. 1922. Pp. 138.)

- The ethics of the professions and of business.* The Annals, vol. XI, no. 190. (Philadelphia: Am. Academy Pol. and Soc. Sci. 1922. Pp. 315. \$1.)
- Forty-seventh annual report of the council of the Corporation of Foreign Bondholders. For the year 1920.* (London: Corporation. 1921. Pp. 370. 2s. 6d.)
- A general charter for trade associations.* (New York: Federal Trade Information Service. 1922. Pp. 46. 25c.)
- Handbook of listed foreign bonds.* (New York: McKinley & Morris. 1921. Pp. 55. \$1.)
- Hiring men because they control accounts.* (New York: Am. Assoc. of Advertising Agencies. 1922. Pp. 22.)
- Method in merchandising.* (Grand Rapids, Mich.: Welch-Wilmarth Companies. 1922. Pp. 48.)
- Operating accounts for retail shoe stores.* Harvard University Bureau of Business Research, bull. no. 2. Third edition. (Cambridge: Harvard Univ. Press. 1921. Pp. 47. \$1.)
- Operating expenses in the wholesale grocery business, in 1921.* Harvard University Bureau of Business Research, bull. no. 30. (Cambridge: Harvard Univ. Press. 1922. Pp. 39. \$1.)
- Psychological tests in industry.* Bull. no. 49. (New York: Russell Sage Foundation Library. 1921. Pp. 4. 10c.)
- Retail grocery stores. A study of certain problems of the retail grocer in New York City including the results of investigations conducted during the war period by the New York Federal Food Board and the New York State Food Commission.* (Albany: N. Y. State Dept. of Farms and Markets. 1922. Pp. 29.)
- Selected professional and business books.* (Boston: Scovell, Wellington & Co. 1922. Pp. 25.)
- System of stock-keeping for retail shoe stores.* Harvard University Bureau of Business Research, bull. no. 7. Revised edition. (Cambridge: Harvard Univ. Press. 1922. Pp. 22. \$1.)

Capital and Capitalistic Organization

NEW BOOKS

- ETTINGER, R. P. *Corporation laws of New York: reprint of the New York laws governing corporations, partnerships and associations.* (New York: Prentice-Hall. 1921. Pp. 374.)
- ISAAC, C. P. *The menace of money power.* (London: Cape. 1921. Pp. 294.)
- LOEB, C. G. *Legal status of American corporations in France.* (New York: N. A. Phemister Co., 42 Broadway. 1922. Pp. 578. \$12.)
- McCoy, W. A. *Business trust agreements and declarations of trust.* (Pittsburgh, Pa.: McCoy's Organizing Bureau. 1922. Pp. 259. \$10.)

- MURRAY, W. S. *Government owned and controlled, compared with privately owned and regulated electric utilities in Canada and the United States.* (New York: National Electric Light Assoc. 1922. Pp. 223.)
- REES, J. M. *Trusts in British industry, 1914-1921.* (London: King. 1922.)
- The federal antitrust laws with amendments.* (Washington: Supt. Docs. 1922. 10c.)
- New York laws affecting business corporations; revised to May 1, 1922.* Edited by J. B. R. SMITH. (New York: U. S. Corporation Co., 65 Cedar St. 1922. Pp. xxxii, 260. \$2.)

Labor and Labor Organizations

The Human Factor in Business. By B. SEEBOHM ROWNTREE. (London: Longmans, Green and Company. 1921. Pp. ix, 176. \$2.00.)

Mr. Rowntree has given us in this book both a description of the many-sided plan of industrial relations in the famous Cocoa Works at York—and a statement of his own views on many aspects of the labor problem. His viewpoint is that of the social reformer, but the personal experience on which he draws is that of a large employer and a public official in intimate contact with the problems which he discusses. His primary purpose is to describe the ways in which his company has attempted to meet the human needs of the workers and the results which have been obtained. This has led him to discuss in a general way what these needs are and how far and through what means they can be met in modern industry.

The descriptive material and much of the general discussion is arranged under the five headings of wages, hours, security of life, joint control and good working conditions. The last topic includes training of the workers, medical service, and kindered phases of "welfare work." This chapter is the longest of the book, occupying almost half of the 156 pages of text. In the determination of wages and hours, the system of employee representation within the plant is coordinated with trade-union participation in control and with the joint regulation of the whole industry by the Interim Industrial Reconstruction Committee. It is interesting to see how these three types of workers' participation in control function in relation to each other. The chapter on security of life reveals the inadequacy of the state system of social insurance and shows how it has been supplemented by contributory and non-contributory (from the workers) provision for unemployment, sick, invalidity and death benefits and old age and widows' pensions.

Mr. Rowntree presents his conclusions as to needs, ideals, and possibilities of achievement in the fields of labor conditions, control, and rewards, with modesty and open-mindedness. He is impressed by the limitations imposed by cost and by the necessity of increasing pro-

duction if the standard of living of the workers is to be raised to the level which he advocates. This comes out clearly in the conclusion that hours should not be reduced below forty-eight a week in most industries unless the reduction is necessary for the preservation of health or can be made without materially increasing the cost of production. "We are so much nearer the ideal as regards hours than wages," he writes, "that the latter should take precedence over the former where the claims of the two conflict." It is characteristic of the book that he then goes on to report that the reduction of hours to forty-four a week in his own plant was followed by no reduction in the output of the hand workers and by a pro-rata reduction for only a part of the machine tenders, whereas the effect on the health of the employees was decidedly beneficial.

D. A. McCABE.

Princeton University.

NEW BOOKS

- AMAR, J. *The human motor: the scientific foundations of labor and industry.* (New York: Dutton. 1922. \$10.)
- ANDERSON, G. J. *Labor policy in the bituminous coal industry.* (New York: Author; Curtis, Fosdick & Belknap, Woolworth Bldg. 1922. Pp. 41.)
- ASSAN, G. G. *La question du contrôle ouvrier en Italie, avec un aperçu dans les autres pays.* (Paris: Giard. 1922. Pp. 177. 10 fr.)
- BLOCH, L. *The coal miners' insecurity. Facts about irregularity of employment in the bituminous coal industry in the United States.* (New York: Russell Sage Foundation. 1922. Pp. 50. 50c.)
- BOWIE, J. A. *Sharing profits with employee; a critical study of methods in the light of present conditions.* (London: Pitman. 1922. 10s. 6d.)
- BRODA, R. *Les résultats de l'application du salaire minimum pendant et depuis la guerre.* (Bern: Ernest Bircher. 1922. Pp. 39. 10 fr.)
- CLAY, A. *Syndicalism and labour.* (New York: Dutton. 1922. \$3.)
- DREW, W. *Building and the public.* No. 51. (New York: National Assoc. of Manufacturers, 50 Church St. 1922. Pp. 23.)
- DUBLIN, L. I. and LEIBOFF, P. *Occupation hazards and diagnostic signs. A guide to impairments to be looked for in hazardous occupations.* Bureau of Labor Statistics, bull. no. 306. (Washington: Supt. Docs. 1922. Pp. 31. 5c.)
- GILCHRIST, R. N. *Conciliation and arbitration.* Bulletins of Indian industries and labor, no. 23. (Calcutta: Supt. Gov. Prtg. 1922. Pp. 237.)
- HAPGOOD, P. *In non-union mines. Diary of a coal miner in western Pennsylvania.* (New York: Bureau of Industrial Research, 289 Fourth Ave. 1922. 50c.)

- HUGGINS, W. L. *Labor and democracy*. (New York: Macmillan. 1922. Pp. xii, 218. \$1.25.)
- MACRAE-GIBSON, J. H. *The Whitley system in the civil service*. (London: Fabian Soc. 1922. 1s.)
- MORROW, E. H. *The Lynn plan of representation*. (Lynn, Mass.: General Electric Co. 1922.)
- PIC, P. *Traité élémentaire de législation industrielle. Les lois ouvrières*. (Paris: Lib. Arthur Rousseau. 1922. Pp. 1044. 35 fr.)
- PICARD, R. *Le contrôle ouvrier sur la gestion des entreprises*. (Paris: Marcel Rivière. 1922. Pp. 280. 4.50 fr.)
- PHILLIPS, M. *The young industrial worker*. (London: Oxford Univ. Press. 1922. 4s. 6d.)
- ROGER, F. *La réforme du régime foncier en France*. (Paris: Lib. Marchal et Billard. 1922. Pp. 250. 10 fr.)
- SARGENT, N. *How the open shop brings prosperity*. No. 50. (New York: National Assoc. of Manufacturers, Open Shop Department, 50 Church St. 1922. Pp. 23.)
- SAVOY, E. *La charte internationale du travail*. (Fribourg: Saint Paul. 1921. Pp. 31.)
- STOCKTON, F. T. *The International Molders Union of North America*. (Baltimore: Johns Hopkins Press. 1921. Pp. 222. \$1.50.)

This monograph is a detailed study of one of the oldest of American trade unions. Organized in 1859, the molders union has always been a militant one and reflects in its development and policies the changing conditions in American industry. After the first two chapters on the rise of the early local unions and the founding of the international union, which are mainly chronological, Dr. Stockton develops his subject along topical lines. Separate chapters on government, jurisdiction, membership, finance, mutual insurance, the control of strikes, national collective bargaining, the standard rate, molding machinery, and the closed shop, the label and the boycott show how and why certain developments and policies have come about. Some aspects of the union's development are, however, not mentioned, as, for example, the movement for coöperative production under President Sylvis from 1866-1868 which, because it failed, led to renewed emphasis on trade-union policies. The monograph is thoroughly documented and while not affording new viewpoints, the details brought out enlarge our knowledge of trade unionism.

GEORGE M. JANES.

- SUTCLIFFE, J. T. *A history of trade unionism in Australia*. (Melbourne: Macmillan. 1921. Pp. 194.)
- WILSON, J. M. C. *The labor movement and the church*. (Boston: Stratford Co. 1922. Pp. 73.)
- Constructive experiments in industrial coöperation between employers and employees*. A series of addresses and papers presented at the annual meeting of the Academy of Political Science in the City of New York, November 4-5, 1921. Proceedings, vol. IX, no. 4. (New York: The Academy, Columbia Univ. 1922. Pp. vii, 256.)

- The cost of living among wage earners, anthracite region of Pennsylvania, February, 1922.* Special report no. 21. (New York: National Industrial Conference Board. 1922. Pp. 41.)
- Experience with works councils in the United States.* Research report no. 50. (New York: National Industrial Conference Board. 1922. Pp. 190. \$2.00.)
- Individual differences in the output of silk-weavers.* Reports of the Industrial Fatigue Research Board. (London: King. 1922. 1s. 6d.)
- The International Labor Organization of the League of Nations.* Research report no. 48. (New York: National Industrial Conference Board. 1922. Pp. 160. \$2.)
- Joint Board of Sanitary Control in the Cloak, Suit and Skirt and Dress and Waist Industries, eleventh annual report, 1922.* (New York: Board, 131 E. 17th St. 1922. Pp. 32.)
- Labour legislation in Canada for 1921.* (Ottawa: Dept. of Labour. 1922. Pp. 96.)
- Labour organization in Canada for 1921. Eleventh annual report.* (Ottawa: Dept. of Labour. 1922. Pp. 302.)
- Manual of the labor laws enforced by the Department of Labor and Industries, November, 1921.* (Boston: Mass. Dept. of Labor and Industries. 1922. Pp. xiv, 162.)
- New York labor laws enacted in 1922.* Special bull. no. 111. (Albany: State Dept. of Labor. 1922. Pp. 38.)
- Plan of employee representation.* (New York: N. Y. Telephone Co. 1922.)
- Railroad wages and working rules.* Research report no. 46. (New York: National Industrial Conference Board. 1922. Pp. viii, 130. \$2.)
- Report of the Department of Labour for the fiscal year ending March 31, 1921.* (Ottawa: Dept. of Labour. 1921. Pp. 135.)
- The third International Labour Conference, October-November, 1921.* (Geneva: International Labour Office. 1922. Pp. 36.)
- Trade boards. Report of Departmental Committee on the working and effects of the trade boards acts.* (London: H. M.'s Stationery Office. 1922. 2s.)
- Unemployment; a selected bibliography.* Bull. no. 50.. (New York: Russell Sage Foundation Library. 1921. Pp. 4. 10c.)
- Wages and hours in anthracite mining, June, 1914—October, 1921, inclusive.* Research report no. 47. (New York: National Industrial Conference Board. 1922. Pp. 67. \$1.50.)
- Wirtschaftliches Arbeitnehmer-Taschenbuch.* (Stuttgart: Volksverlag für Wirtschaft und Verkehr. 1922. Pp. 208.)
- Women in Georgia industries: a study of hours, wages, and working conditions.* Bull. of the Women's Bureau, no. 22. (Washington: Supt. Docs. 1922. Pp. 89.)

Money, Prices, Credit, and Banking

Banking and Business. By H. PARKER WILLIS and GEORGE W. EDWARDS. (New York: Harper and Brothers. 1922. Pp. x, 573. \$3.50.)

It is the belief of the authors of *Banking and Business* that the orthodox method of introducing the prospective business executive to the financial aspects of his job is ineffective. Almost without exception, the books which have been designed for use in the introductory course in business finance have begun with an account of the evolution of media of exchange, proceeded to the traditional presentation of the theory of money and prices, and ended with a discussion of the nature of banking organization and operations, with special reference to the relation of these operations to the mechanism of exchange.

The present volume contains only a modicum of monetary theory, introduced largely for the sake of throwing light upon certain points in the discussion of banking operations. After a brief first part devoted to general preliminary topics such as the nature of exchange, credit and credit instruments, and the classification of banking institutions, the extended discussion of commercial bank organization and methods is taken up. The financial needs of the business man rather than the profits of the banker or the public aspects of finance are the primary concern of the authors, although consideration is given to some of the broader aspects of public regulation and to banking policies and practices abroad. In part three are grouped the so-called non-commercial banking institutions: the bond house, the savings bank, and the trust company. For part four have been reserved those "more theoretical and historical sides of the subject" which usually precede the discussion of organization and methods. Here the student is introduced to the principal foreign banking systems, to the history of American banking, the organization and functions of the federal reserve system and the relation of banking and government. Very brief consideration is also given to the question of the value of money, the relation of banking to the medium of exchange and to the theory of prices.

A somewhat unusual feature is the addition of a series of appendices containing supplementary readings and a group of foreign bank statements for use in connection with the appropriate part of the main text.

The book is thoroughly readable and undoubtedly will prove as thoroughly teachable. In the opinion of the reviewer, its chief defects are (1) its failure to impress upon the reader the fact that the various financial institutions are parts of an interrelated system; that they are all engaged in various phases of a common task, viz., providing

an adequate supply of spendable funds to business enterprises. (2) Although the order of presentation adopted by the authors undoubtedly more readily arouses the interest of the student, the orthodox order is superior in that it follows the natural evolution of the present mechanism of exchange and thus develops the subject in a more orderly manner. (3) It would be deplorable indeed if students were graduated from a college of commerce with no more contact with monetary principles and problems than are offered in the few cut and dried propositions set forth in *Banking and Business*. Some recent astonishing utterances of prominent men upon monetary questions convince the reviewer of the error of the author's statement that "discussion of the abstractions of monetary science should be largely avoided." (4) The long-drawn-out discussion of the various measures which formed a part of the background of the federal reserve is uninteresting and in fact confusing to the beginning student in finance and therefore should be reserved for advanced students who are interested in an intensive study of the system.

GEORGE W. DOWRIE.

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The World's Monetary Problems. By GUSTAV CASSEL. (London: Constable & Company. 1921. Pp. 154. 3s. 6d.)

The volume contains two memoranda, written in response to the invitation of the League of Nations, the first for the International Financial Conference in Brussels, 1920; the second for the meeting of the Financial Committee of the League of Nations in September, 1921.

The first memorandum deals with inflation, the second with deflation. In the first, the dangers of inflation are emphasized and the author urges that restrictions be set up against further indulgence in that direction. In the second, however, he attributes the breakdown in production and the widespread existence of unemployment to what he characterizes as a drastic policy of deflation. Professor Cassel's words in this connection have given aid and comfort to the many advocates of "soft" money in this country.

According to the memorandum, inflation, due first to the creation of credit currency—loans made in excess of real savings—has been furthered by huge government expenditures, heavy taxation, and by certain efforts to counteract the evils of previous inflation. When taxes become a heavy burden, tax payers are forced to borrow from the banks to make their payments. This increases the volume of credit currency without increasing the stock of commodities, thus causing further inflation. Likewise attempts on the part of governments to supply their people with goods at prices below cost of production; to pay subsidies, bonuses, allotments and allowances, most of which are at-

tempts to compensate for the ill effects of previous inflation, all necessitate the creation of additional credit currency and thus enhance inflation.

The effect of inflation, with its concomitant depreciation of currency has been to drive gold out of most countries and into the bank vaults of one or two others, notably the United States. This increase in the supply of gold in such countries has lessened its value in comparison with commodities.

Throughout the world, currencies of all kinds have thus depreciated. For most countries it is useless, and is even a serious hindrance, to speak of normal parities with gold, since these countries do not possess, nor are they likely to obtain at any time in the future, sufficient gold to restore the old relationships. The important thing after all, he contends, is the purchasing-power parity. If that can be stabilized, the business of the world can go forward. Rates of exchange are disturbing to international trade only in so far as they deviate from purchasing-power parities. Valuations which are put on foreign money depend upon the relative purchasing power of the currencies of both countries.

Professor Cassel discredits the explanation of the anti-quantity theorists that the rise in prices was caused by a scarcity of commodities, and that this resulting rise in the level of prices necessitated an increase in the quantity of money. The shortage in commodities should have led to a decrease in currency since there was then less money work to be done. But since the quantity of money was not decreased to correspond with the reduced supply of commodities, the money supply was redundant and the price level rose. Hence it was really inflation which was at the bottom of the demand for further inflation. Inflation is the sole cause of depressed exchanges which are anything more than temporary in their nature. Hence depressed exchanges cannot be corrected by adjustment of the trade balance. Nor can the money standards be improved by increasing the gold reserves, so long as the currency is redundant. Furthermore, improvement in government credit cannot usually give a higher value to its money standard. "International purchasing power altogether depends on the limitation of the supply of money." Further inflation causes additional fluctuations in exchange. It is this instability however, and not the level of the exchanges, that delays recovery. The first step toward recovery therefore is to stop further inflation.

Professor Cassel occupies the somewhat unusual position of recognizing the evils of inflation and of opposing further adventures in that direction, but at the same time objecting to the process of deflation. Changes either upward or downward he desires to avoid. Indeed he goes so far as to suggest that special steps be taken by the nations

of the world to prevent gold from rising again in value. In this connection he suggests the following alternatives—(1) progressive reduction in the monetary demand for gold; (2) immediate abandonment of the use of gold as a monetary standard.

It is asserted that the desire to restore the pre-war gold basis for currency rests upon no logical grounds, and to attain such result great hardship and national bankruptcy would have to be faced. Since few of the European countries can hope to restore the pre-war value of their currencies, their problem becomes that of stabilizing dollar exchange at some definite figure. But of course this difficulty is aggravated if the United States raises the value of the dollar by a program of deflation. The deflation policy of the United States thus forces deflation upon those countries which desire to see their currencies improve or even hold their own in the international market. The efforts of the United States to get back to a solid foundation for its own financial structure impose a heavier burden upon the struggling European nations. It seems to be largely this feeling which is responsible for Professor Cassel's sharp criticism of our deflation policy.

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NEW BOOKS

ANGAS, L. L. B. *Reparations, trade and foreign exchange.* (London: King. 1922. Pp. 351. 12s. 6d.)

Economic aspects of the indemnity present great difficulties affecting the interests of British industries. The gist of the author's thesis is to this general effect: (1) The indemnity cannot be paid with money and will involve a transfer of goods from Germany to England. (2) These goods will compete with English products, thus causing stagnation and unemployment in British plants. (3) This situation cannot be avoided by a triangular trade arrangement, such as a plan by which there would be German dumping in Spain and Spanish dumping in England. The suggestion that Germany should pay with non-German securities is on the whole considered good; it has decided limitations, however, and there is no escaping the conclusion that the indemnity for the most part must be paid in commodities.

From the present viewpoint of unemployment, the book is most valuable in pointing out obstacles and dangers in the way of home business. It would seem, nevertheless, that the author overemphasizes the disadvantages accruing to British industry from competition of foreign goods paid for directly or indirectly by the reparations. The same objections might be made to importations in general or to trading with a country that has just begun to develop manufacturing on a successful basis.

Other matters to which attention is given include the problem of inter-allied indebtedness, foreign exchange and inflation, with special reference to unemployment.

M. J. S.

- ARNAUNÉ, A. *La monnaie, le crédit et le change. I, La circulation et ses instruments, son mécanisme.* Sixth edition. (Paris: Félix Alcan. 1922. 15 fr.)
- DIESEN, E. *Norsbank-Aarbook 1921. 1ste del: Aktiekreditbanker.* (Christiania: A/S Okonomisk Literatur. Pp. xxxii, 202. 10 Kr.)
- EKSTRÖM, Y. *Om Svensk bankverksamhet och dess teknik. I, Betalnings- och kreditmedel.* (Stockholm: Svenska Bankmannaföreningens Serieskrift. 1921. Pp. 160. 8 Kr.)
- FISCHER, C. A. *Zur Lehre vom Staatsbankrott.* (Karlsruhe: G. Braun. 1921. Pp. viii, 129. 20 M.)
- FOWLER, C. N. *The United States reserve bank; the fundamental defects of the federal reserve system exposed and the necessary remedy.* (Washington: D. C. Hamilton Book Co. 1922. Pp. 88.)
- FRASER, SIR DRUMMOND. *International credits (the ter Meulen bond scheme).* (London: Harrisons. 1922.)
- FURNISS, E. S. *Foreign exchange. The financing mechanism of international commerce.* (Boston: Houghton Mifflin. 1922. Pp. x, 409. \$2.50.)
- GOLDSBOROUGH, T. A. *Stabilizing the purchasing power of money.* Speech delivered in the House of Representatives, May 23, 1922. (Washington: Supt. Docs. 1922. Pp. 8.)
- HEYMANN, H. *Die Welt- Kredit- und Finanzreform. Ein Aufruf zum Solidarismus.* (Berlin: Ernst Rowohlt. 1921. Pp. 141. 20 M.)
- HOLDSWORTH, J. T. *America's foreign loan policy.* (Pittsburgh, Pa.: Author, Bank of Pittsburgh. 1922. Pp. 23.)
- KAEFERLEIN, H. *Der Bankkredit und seine Sicherungen.* Third edition. (Nürnberg: Carl Koch. 1921. Pp. xx, 576. 45 M.)
- KAEMMERER, G. H. *Geld. Eine genetische Studie.* (Berlin: Puttkammer. 1921. Pp. 48.)
- KENT, F. I. *Factors that will help the exchange situation.* (New York: Bankers Trust Co. 1922. Pp. 31.)
A reprint of two addresses, one delivered before the National Foreign Trade Convention in Philadelphia on May 12, 1922, and the other before the American Academy of Political and Social Science in Philadelphia, on May 13, 1922.
- KIDDY, J. G. *Country banker's handbook to the rules and practices of the Bank of England, London Bankers' Clearing House, and the stock exchange.* Seventh edition, enlarged and revised to April, 1922. (London: Waterlow & Sons. 1922. 5s.)
- KOCH, A. *Der Warenkredit der Banken und seine Sicherstellung.* (Jena: Fischer. 1922. Pp. vii, 125. 21 M.)
- KÖNIG, H. *Die Befestigung der Kaufkraft des Geldes.* (Bonn: Kurt Schroeder Verlag. 1922. 20 M.)
- KURZ, H. *Die Grossbanken im schweizerischen Wirtschaftsleben.* (Zürich: Art. Institut Orel Füssli. 1922. Pp. 66. 4 fr.)

LANIER, H. W. *A century of banking in New York, 1822-1922.* (New York: Doran. 1922. Pp. x, 335. \$5.)

LANOIR, P. *Le crédit de la France.* (Paris: Giard. 1922. 2.50 fr.)

LASSAR-COHN. *Geld- und Papiergeld. Die Bedeutung der Geldwährung im Leben der Gegenwart.* (Leipzig: Voss. 1922. 8 M.)

MENZEL, C. *Die russische Bauernagrарbank. Text der Satzung von 1912 nebst Einleitung.* (Berlin: Deutsche Verlagsbuchhandlung. 1921. Pp. 36. 4.50 M.)

MONTARNAL, H. *Traité pratique du contentieux commercial de la banque et de la bourse.* (Paris: Rivière. 1922. Pp. 462. 18 fr.)

This is an account of the legal aspects of the transactions of banks and of the stock exchange in France. It is a guide for bankers, brokers, trustees and others as to points on which litigation might occur. The work is very carefully done by one of the heads of a department of the Credit Lyonnais.

R. R. W.

MUNN, G. G. *The paying teller's department.* (New York: Bankers Pub. Co. 1922.)

POHLE, L. *Geldentwertung, Valutafrage und Währungsreform.* (Leipzig: Deichertsche Verlagsbuchhandlung. 1920. Pp. 56. 30 M.)

The author, who is a professor of economics at the University of Leipzig, discusses with much acumen the present state of the monetary troubles in Germany, the causes which led to them and the possible means of relief. He finds that the weakness of the German exchange is caused not only by the balance of trade being against Germany, but even more by the depressed purchasing power of the mark in Germany itself, this being of course due to the enormous issue of paper currency. In the beginning of 1920 the purchasing power of the mark was only one eighth of what it had been in 1914. The value of the mark abroad has not always followed the ups and downs of its purchasing power at home, although in the end it does depend on the latter. As shown by statistics of the English home market the rise in prices is not always caused by the shortage of production, for this shortage in 1919 as compared with the average of the five years preceding the war amounted to only 10 per cent, whereas the rise of prices amounted to 277 as compared with 100. The author agrees with Cassel as to the soundness of the quantitative theory of money, and with the latter's statement of the "purchasing-power parity." The reestablishment of the German exchange depends on two things: the improvement in the balance of foreign trade and the checking of the inflation caused by the issue of paper money. The author is in favor of preserving the gold basis of the currency, at least for the present, and in a careful discussion of deflation advocates the reduction of the amount of gold represented by the mark.

R. R. WHITEHEAD.

SCHWIEDLAND, E. *Geld und Wahrung.* (Vienna: Author. 1921. Pp. 29. 20 Kr.)

SPALDING, W. F. *Foreign exchange and foreign bills in theory and in practice.* Fourth edition. (London: Pitman. 1921. Pp. 246. 7s. 6d.)

STEINBERG, J. *Das Geldkapital.* (Bonn: Kurt Schroeder Verlag. 1922. Pp. viii, 111. 20 M.)

- STROVER, C. *Monetary reconstruction*. (Chicago: Author, 133 W. Washington St. 1922. Pp. xiii, 91. \$1.50.)
- VON WAECHTER, S. *Der Kampf um die Währung. Die wichtigsten Währungsformen der letzten Jahrzehnte und das Valutaproblem der Gegenwart*. (Berlin: Grünewald, Rothschild. 1922. 24 M.)
- WARD, W. *American commercial credits*. (New York: Ronald. 1922. Pp. xiii, 278. \$2.50.)
- WHITE, B. *The currency of the Great War*. (London: Waterlow. 1921. Pp. 104.)
- The bankers' almanac and year book, for 1921-1922*. (London: Waterlow. 1921. 42s.)
- Bank of Finland 1914-1920*. Vol. I. (Helsingfors: Bank of Finland, Statistical Dept. 1921. Pp. vii, 171.)
- Les banques suisses en 1920. Publication du Bureau de Statistique de la Banque Nationale Suisse, 1er fascicule*. (Zurich: Art. Inst. Orell Füssli. 1921. Pp. 116.)
- Building and loan associations*. (Washington: U. S. Chamber of Commerce, Civic Development Dept. 1922. Pp. 6.)
- Changes in the cost of living, July, 1914—March, 1922*. Research report no. 49. (New York: National Industrial Conference Board. 1922. Pp. 73. 75c.)
- Die deutschen Banken im Jahre 1920. Zugleich eine vollständige Statistik der deutschen Banken seit dem Jahre 1883*. (Berlin: Verlag "Der Deutsche Oekonomist." 1922. Pp. 45. 20 M.)
- Eighth annual report of the Federal Reserve Board, covering operations for the year 1921*. (Washington: Supt. Docs. 1922. Pp. ix, 720.)
- Gold (war period, 1913-1919)*. Report of the Imperial Mineral Resources Bureau. (London: King. 1922. 6s.)
- Negotiable instruments*. (New York: Am. Inst. of Banking. 1922. Pp. 480.)
- Proceedings of the third national conference of mutual savings banks*. Savings Bank Journal, vol. III, no. 3. (New York: National Assoc. of Mutual Savings Banks of the U. S. 1922. Pp. 226.)
- Das schweizerische Bankwesen im Jahre 1919*. Bearb. im Statistischen Bureau der Schweizerischen Nationalbank. (Bern: Stämpfli. 1921. Pp. 81.)

Public Finance, Taxation, and Tariff

NEW BOOKS

- BADULESCO, V. V. *Le prélèvement extraordinaire sur le capital dans l'Empire allemand*. (Paris: Giard. 1922. Pp. xxxii, 543. 25 fr.)
- BEMAN, L. T., compiler. *Selected articles on current problems in taxation*. (New York: Wilson. 1921. Pp. viii, 350. \$2.25.)
- This compilation of selected readings is divided into three parts, of which the first and briefest is concerned with the general principles of

taxation, while the other two are devoted to the sales tax and the state income tax. These two sections are arranged as debaters' manuals, with briefs for and against each tax. In general the quotations are well chosen, those in the first part being mainly from standard writers, in the second from contemporary publicists, and in the third from state commissions. It is no fault of the compiler that most of the selections opposed to the state income tax are dated prior to 1916; good recent references on that side are hard to find. There are useful detailed bibliographies. Part I is too brief and elementary to be of much use in a college course, but parts II and III, especially III, would make very good collateral reading. Even part I would be very desirable to place in the hands of public speakers and editorial writers, or anyone else who is in the habit of expressing his views on matters connected with taxation without having studied the fundamental principles.

RUFUS S. TUCKER.

BLACK, H. C. *1922 supplement to "Black on Federal Taxes," January 1922.* Fourth edition. (Kansas City, Mo.: Vernon Law Book Co. 1922. Pp. 194.)

BUCK, A. E. *Budget making. A handbook on the forms and procedure of budget making with special reference to states.* (New York: Appleton. 1921. Pp. 234. \$3.)

COPPER, R. *L'impôt libérateur.* (Paris: Author, 66 Rue de la Rochefoucauld. 1922.)

ELY, R. T. *The taxation of land.* (Madison, Wis.: Author. 1922. Pp. 61.)

Reprinted from *Proceedings of the National Tax Association*, vol. XIV.

GRILLI, C. *Il protezionismo dopo la guerra.* (Rome: Author, Viala della Regina 86. 1921. Pp. 96.)

The author protests against the attempts at "protection" made by this country and Great Britain since the war. He attributes them to two causes: (1) the desire to foster key industries; and (2) to prevent "dumping." The reader may find it interesting to supplement the author's analysis of the latter by a study of the graphs representing the possibilities of "dumping" given by Barone in *Les Problèmes Actuels de l'Economie* (Paris, 1921). The author agrees with Marshall that in most cases a direct subsidy to an industry is less injurious to the common weal than a protective duty. He discusses and seems to approve Cassel's theory of "purchasing-power parities."

R. R. W.

HOUDAILLE, J. *La dette anglaise et la guerre de 1914.* (Paris: Jouve et Cie. 1922.)

KIXMILLER, W. and BAAR, A. R. *1922 United States income and war tax guide based on Revenue act of 1921 and 1921 regulations.* (Chicago: Authors. 1921. Pp. 128.)

VON MEHRING, O. *Gedanken zur Reichsfinanzreform im Jahre 1921.* (Jena: Fischer. 1921. Pp. 94. 15 M.)

MOMBERT, P. *Besteuerung und Volkswirtschaft.* (Karlsruhe: G. Braun. 1922. Pp. 105. 18 M.)

- NEEDHAM, R. W. *Income tax evasion: the taxpayer's position.* (London: Gee & Co. 1922. 2s.)
- *NICOLAÏ, E. *Etude historique et critique sur la dette publique en Belgique.* (Brussels: M. Lamertin, M. Hayez. 1921. Pp. 458.)
- NORMAND, G. *L'abîme financier, en sortirons-nous?* (Paris: Maison Française d'Art et d'Édition. 1922. 7.50 fr.)
- POWELL, H. M. *Taxation of corporations and personal income in New York.* Vol. II, *Personal income.* Fourth edition. (New York: Boyd Press. 1922. Pp. xii, 436. \$6.)
- RHEINSTROM, H. and BAUCKNER, A. *Die direkten Reichssteuern.* (Leipzig: G. A. Glöckner. 1921. Pp. 116. 12 M.)
- ROSSMOORE, E. E. *Federal income tax problems—1922.* (New York: Dodd, Mead. 1922. Pp. xvi, 541. \$5.)
- SCHMIDT, P. H. *Der neue Zolltarif.* (Rorschach: E. Löpfe-Benz. 1921. Pp. 22.)
- SILBERT, C. *Federal income tax primer based on Revenue act of 1921 and on 1922 regulations.* (Boston: Financial Pub. Co. 1922. Pp. vii, 45.)
- TEILLARD, J. *Les emprunts de guerre.* (Paris: Alcan. 1922. Pp. 392. 25 fr.)
- VON KOCH, F. M. *On the theories of free trade and protection.* (London: King. 1922. 1s.)
- The city bond issues to be voted upon June 5, 1922. Vote "no" on both propositions.* (Chicago: Bureau of Public Efficiency. 1922. Pp. 11.)
- Committee on National Expenditure (Geddes Committee): First interim report; Second interim report; Third report.* (London: H. M.'s Stationery Office. 1922. 4s; 3s; 4s.)
- The Corporation Trust Company's 1921-1922 New York state income tax service.* (New York: Corporation Trust Co., 37 Wall St. 1921. \$30.)
- Handbuch der deutschen Ausfuhrabgaben-Kontrolle.* Vol. I. *Metallindustrie.* (Wittenberg: A. Ziemsen. 1922. Pp. 164. 50 M.)
- Internal revenue regulations no. 43, part I, relating to the tax on admissions under the Revenue act of 1921.* Revised, January, 1922. (Washington: Supt. Docs. 1922. 10c.)
- Labour and national "economy." A comprehensive and critical analysis of the Report of the Geddes Committee on National Expenditure and the government's policy on "economy."* (London: National Joint Council, 33 Eccleston Square. 1922. 6d.)
- The National Joint Council represents the General Council of the Trades Union Congress, the Executive Committee of the Labor party, and the Parliamentary Labor party.
- Law relating to the assessment and taxation of property in Indiana, the duties and powers of taxing officers, and an appendix containing forms and general information.* (Indianapolis, Ind.: State Board of Tax Commissioners. 1922.)

National debt, liabilities of the state, estimated assets and exchequer balances, 1875-76 to 1920-21. (London: H. M.'s Stationery Office. 1922. 9d.)

New York state income tax law: practical questions and answers. (New York: Irving National Bank. 1922. Pp. 46.)

Prentice-Hall federal tax course. (New York: Prentice-Hall. 1922. Pp. 274. \$6.)

Report of the Special Joint Committee on Taxation and Retrenchment, submitted March 1, 1922. (Albany: Committee. 1922. Pp. 383.)

Revenue act of 1921. (New York: Guaranty Trust Co. 1921. Pp. 220.)

The Revenue act of 1921. Complete text, interleaved. (New York: Equitable Trust Co. 1921. Pp. 235.)

Tax reform in South Carolina. Bull. no. 104. (Columbia, S. C.: Univ. of South Carolina, Extension Dept. 1922. Pp. 185.)

Russia's foreign indebtedness. Correspondence with M. Krassin. (London: H. M.'s Stationery Office. 1921. Pp. 6. 3d.)

Taxes on tobacco, snuff, cigars, and cigarettes, and purchase and sale of tobacco. Internal revenue decisions, regulations no. 8, revised February, 1922. (Washington: Supt. Docs. 1922. 10c.)

Treasury decisions, under internal revenue laws of United States. Internal revenue decisions, vol. XXIII, January to December, 1921. (Washington: Supt. Docs. 1922. \$1.50.)

Population and Migration

The Immigration Problem. A Study of American Immigration Conditions and Needs. By JEREMIAH W. JENKS, and W. JETT LAUCK. Fifth edition revised and enlarged by RUFUS D. SMITH. (New York: Funk and Wagnalls. 1922. Pp. xxvii, 655. \$3.00.)

Immigration and Labor; the Economic Aspects of European Immigration to the United States. By ISAAC A. HOURWICH. (New York: B. W. Huebsch, Inc. 1922. Pp. xxxii, 574. \$6.00.)

New editions have appeared of two important books on immigration, Jenks' and Lauck's *The Immigration Problem*, and Hourwich's *Immigration and Labor*. The former has long been recognized as the accepted semi-official digest of the *Report of the Immigration Commission*. It contains an interpretation of the data assembled by the commission which the commission itself did not have time to prepare. The present edition has been revised and brought up to date by Professor Rufus D. Smith, who is also primarily responsible for some important new chapters dealing with the immigration policies of other countries, the race problem of the Pacific, and the new temporary percentage restriction law.

The chapter on the immigration policies and legislation of other countries gives the student a much needed basis for comparing our

handling of immigration affairs with that of other nations whose problems are similar to ours in their broad features but differ in significant details. Heretofore it has been difficult to get concise data on this question in accessible form. So, too, the treatment of the race problem of the Pacific helps to broaden one's outlook on the subject, and to place the understanding of the question firmly on the basis of the essential principles involved. Particularly happy is the insistence that the problems of the relationships of diverse races are to be settled not on the basis of inferiority or superiority, but of difference.

In its new form this book will continue to be an invaluable handbook for all students of immigration. The authors have chosen wisely in saving space by omitting a considerable portion of the statistical matter in the appendix, which was of such a detailed character that it was not likely to be used by any students except those who could well enough resort to the commission's report itself.

The new portions of Dr. Hourwich's book consist mainly in a chapter on the lessons of the war and an addition to the appendix consisting of an answer to some of the criticisms of the first edition. The author's interpretation of the facts of the war may be briefly summarized as follows: During the war immigration was reduced to a negligible quantity; at the same time the real wages of the American laborer declined somewhat, due to the fact that prices rose faster and higher than money wages; therefore a cessation of immigration does not help the American wage-earner and immigration has no unfavorable effect on the standard of living of American labor. This argument is an example of the peculiar statistical method which runs through the whole book, and which justifies the reader in subjecting every conclusion to the closest scrutiny. Even assuming the correctness of the major premise with reference to the effect of the war on real wages—which is at least open to question in the light of such authoritative data as are presented in the recent study of the National Bureau of Economic Research—it is obvious that it is fallacious to draw conclusions with reference to normal conditions from the war period, when all social forces were upset, and the government, as Dr. Hourwich himself observes, "assumed the function of regulating wages in the leading industries." The same may be said of the author's answer to his critics. The methods used in replying to the criticisms of some reviewers of the first edition are exactly the same as those objected to by the reviewers in the volume itself. To point out the fallacy of these methods in their particular applications would be too extended a task for a brief review.

HENRY PRATT FAIRCHILD.

New York University.

NEW BOOKS

CALDWELL, A. B., editor. *History of the American negro*. Vol. V. Virginia edition. (Atlanta, Ga.: Caldwell Pub. Co. 1921. Pp. 630.)

EGIDI, P. *Ricerche sulla popolazione dell' Italia Meridionale nei secoli XIII. e XIV.* (Lucca: Baroni. 1920.)

SAVORGAN, F. *Demografia di guerra e altri saggi*. (Bologna: Zanichelli. 1921. Pp. 221. 12 l.)

During the war years and after, the author was a frequent contributor to various periodicals of articles on vital statistics, now reprinted in this volume. One of the longer of these articles discusses the forces which make for differences in the movement of population in different times and places. It serves as a kind of introduction to the rest. Several controversial articles on the nationality of peoples in the disputed Adriatic countries are so bound up with the contemporary war situation that the value of reprinting them may be questioned. A discussion of infant mortality during the year of the war is of more enduring interest. This also may be said of several of the nine succeeding short articles. They reveal, for example, the relative immunity of the English population from destructive war influences, the decline of the population of France, the continued expansion of the population of Italy.

R. F. FOERSTER.

Princeton University.

SUTHERLAND, H. G. *Birth control: a statement of Christian doctrine against the neo-Malthusians*. (New York: P. J. Kenedy. 1922. Pp. x, 160. \$1.75.)

Der Bevölkerungsrückgang in den tropischen Kolonien Afrikas und der Südsee. Seine Ursachen und seine Bekämpfung. (Ebenda. Pp. 96. 10 M.)

Increasing life span in the United States, 1901-1920. Statistical Bull., vol. III, no. 5. (New York: Metropolitan Life Ins. Co. 1922. Pp. 12.)

Immigración movimiento de pasajeros, Republica de Cuba, 1920. (Havana: Secretaria de Hacienda. 1921. Pp. 24.)

United States: composition and characteristics of the population. Fourteenth census of the United States, Department of Commerce, Bureau of the Census. (Washington: Supt. Does. 1922. Pp. 42.)

Social Problems and Reforms

NEW BOOKS

AMES, E. W. and ARVIE, E. *Community civics*. (New York: Macmillan. 1921. Pp. 387. \$1.48.)

ATWOOD, W. H. *Civic and economic biology*. (Philadelphia: P. Blakiston's Son & Co. 1922. Pp. xv, 470.)

AYRES, L. P. *The Cleveland survey of the administration of criminal justice*. An address delivered before the City Club of Cleveland. (Cleveland, O.: Cleveland Trust Co. 1922. Pp. 23.)

- BRODERICK, J. T. *Pulling together*. (Schenectady, N. Y.: Robson & Adece. 1922. Pp. 141. \$1.)
- BURCH, H. R. and PATTERSON, S. H. *Problems of American democracy, political, economic, social*. (New York: Macmillan. 1922. Pp. x, 601.)
- CESTRE, C. *L'usine et l'habitation ouvrière aux Etats-Unis*. (Paris: Ernest Leroux. 1921. Pp. xxxvi, 301. 5 fr.)
- CHENERY, W. L. *Industry and human welfare*. (New York: Macmillan. 1922. Pp. xii, 169.)
- CLARK, W. I., JR. *Health service in industry*. (New York: Macmillan. 1922. Pp. ix, 168. \$2.)
- CLOPPER, E. N. *Rural child welfare. An inquiry by the National Child Labor Committee based upon conditions in West Virginia*. (New York: Macmillan. 1922. Pp. 355. \$3.)
- Child welfare is the subject of a series of surveys made by the National Child Labor Committee, of which this is the first one dealing exclusively with the rural problem. It is based on conditions existing in West Virginia. The principal subjects handled are the Rural Home, Child Labor on Farms, Rural School Attendance, Dependency and Delinquency, Taxation and the Child, and Child Welfare Laws. The book is filled with much useful illustrative material and makes excellent summaries as well as recommendations for constructive work. The introductory chapter is a valuable statement of standards of child welfare, while the concluding chapter outlines a program of child welfare legislation.
- That conditions in rural districts are in serious need of improvement is clearly demonstrated by the facts presented, and that an adequate program of constructive work has heretofore not been attempted is equally evident. The recommendations on the whole seem well adapted to the needs of the state, but it is unfortunate that the National Child Labor Committee should be sponsor for a statement such as the following in regard to the unmarried mother: "If the mother does not care to have the court declare the name of the father of her illegitimate child, it should remain undeclared forever." A number of valuable tables are given in the appendix. The survey should be valuable not only to West Virginia, but to other American states as well, in that conditions presented in the book are without doubt very similar to those that may be found in other parts of the country.
- GEORGE B. MANGOLD.
- CURRY, C. F. *Alien land laws and alien rights*. H. R. doc. no. 89, 67 Cong., 1 Sess. (Washington: Supt. Docs. 1921. Pp. 85.)
- DART, H. M. *Maternity and child care in selected rural areas of the Mississippi*. Department of Labor, Children's Bureau, Rural child welfare series no. 5. (Washington: Supt. Docs. 1921. Pp. 60. 10c.)
- EDDY, S. *America: its problems and perils*. (New York: Doran. 1922. Pp. 30. 10c.)
- FARMER, G. L. *A form of record for hospital social work, including suggestions on organization*. (Philadelphia: Lippincott. 1921. Pp. 81.)
- FASTOUT, A. *Une politique financière*. (Paris: G. Crès. 1922. 4.50 fr.)

GROSZMANN, M. P. E. *Humanizing justice*. Public service series, no. 10. (Philadelphia: Municipal Court. 1922. Pp. 31.)

A brief study of the Municipal Court of Philadelphia under the auspices of the National Association for the Study and Education of Exceptional Children. The court is described as an object lesson and an inspiration. "It represents a coördinated system"; "its judges are in a measure the administrative and executive officers of the court"; "the entire machinery of the court procedure is a living organism rather than a mechanical device."

INMAN, S. G. *Problems in Pan Americanism*. (New York: Doran. 1921. Pp. xii, 415.)

KAHN, O. H. *A plea for prosperity*. (New York: Committee of American Business Men, 354 Fourth Ave. 1922.)

McKINNEY, J. and SIMONS, A. M. *Success through vocational guidance; occupation analysis*. (Chicago: American School, Drexel Ave. 1922. Pp. 270. \$2.)

MARCH, L. and others. *Problèmes actuels de l'économique*. (Paris: Colin. 1921. Pp. vi, 477. 20 fr.)

A number of economic questions in which the interest of the public has been aroused since the war are discussed by prominent Frenchmen in this collection of essays: the use of statistics by L. March; a statement of the marginal utility theory of value by J. Moret; the monetary situation in Europe by R. G. Hawtrey; "consumption" with some remarks on coöperation and production for use by C. Gide; "the rhythm of economic life" by A. Aftalion, whose analysis of crises and their recurrence suggests many of the points made by M. Bouniatian in *Les Crises Economiques*; syndicates and trusts by E. Barone, with some very interesting graphs explanatory of the possibility of combines and of "dumping." The remaining essays are by Rist, Lazard, Augé-Laribé and Dugé de Bernonville.

R. R. WHITEHEAD.

PLATT, C. *The psychology of social life; a materialistic study with an idealistic conclusion*. (New York: Dodd, Mead. 1922. Pp. 284. \$2.50.)

POUND, A. *The iron man in industry; an outline of the social significance of automatic machinery*. (Boston: Atlantic Monthly Press. 1922. Pp. xiv, 230.)

POUND, R. *Criminal justice in the American city—a summary*. (Cleveland, O.: Cleveland Foundation. 1922. Pp. viii, 94.)

REED, T. H. *Loyal citizenship*. (Yonkers, N. Y.: World Book Co. 1922. Pp. viii, 333. \$1.40.)

A book for training pupils for citizenship. Has chapters on "Social and Economic Fundamentals," including chapters on Coöperation in Work; Capital, the Partner of Labor; Getting Capital; the Function of Money; and Demand, Supply, and Competition.

RISLER, G. *La crise du logement*. (Paris: Plon-Nourrit & Cie. 1922. 2 fr.)

ROBINSON, C. C. *The find yourself idea; a friendly method of vocational guidance for older boys for the use of adult leaders*. (New York: Y. M. C. A. Press. 1922. Pp. viii, 134.)

- RYAN, J. A. and MILLAR, M. F. X. *The state and the church*. Written and edited for the Department of Social Action of the National Catholic Welfare Council. (New York: Macmillan. 1922. Pp. vi, 331.)
- SABSOVICH, K. *Adventures in idealism: a personal record of the life of Professor Sabsovich*. (New York: Author, Room 1715, 80 Maiden Lane. 1922. Pp. viii, 208.)
- SADDER, W. S. *Race decadence: an examination of the causes of racial degeneracy in the United States*. (Chicago: McClurg. 1922. Pp. x, 421.)
- WILLIAMS, E. H. *Opiate addiction; its handling and treatment*. (New York: Macmillan. 1922. Pp. xxv, 194. \$1.75.)
- Annual report of the Massachusetts Department of Public Welfare, 1920*. In three parts. Pub. doc. 17. (Boston: Dept. of Public Welfare. 1921. Pp. 151, 343, 107.)
- Child welfare laws of the state of Oregon*. Revised to include later amendments and laws, 1922. (Salem, Ore.: State Child Welfare Commission. 1922. Pp. 100.)
- A church and community survey of Pend Oreille County, Washington*. Committee on Social and Religious Surveys. (New York: Doran. 1922. Pp. vii, 51. 60c.)
- A half century of public health; jubilee historical volume of the American Public Health Association, in commemoration of the fiftieth anniversary celebration of its foundation*. Edited by M. P. RAVENEL. (New York: Am. Public Health Assoc. 1921.)
- Housing corporations in the United States. A brief report on the organization and methods of operation*. (New York: Metropolitan Life Ins. Co. 1922.)
- Illinois manual of laws affecting women and children*. Issued by the Juvenile Protective Association of Chicago. Compiled and revised by H. E. SMOOT. (Chicago: G. H. Seery & Co. 1922. Pp. 189.)
- Industrial home work of children. A study made in Providence, Pawtucket and Central Falls, R. I.* Department of Labor, Children's Bureau pub. no. 100. (Washington: Supt. Docs. 1922. Pp. 80. 10c.)
- List of bibliographies on crime and criminals*. (Washington: Library of Congress. 1922. Pp. 21.)
- A list of references on the housing problem*. Compiled by L. H. BOLANDER. (New York: Municipal Reference Library. 1922. Pp. 41.)
- Plan of New York and its environs. The meeting of May 10, 1922*. (New York: Russell Sage Foundation. 1922.)
- Promotion of the welfare and hygiene of maternity and infancy. Text of act of November 23, 1921, and maximum amounts available to the states*. U. S. Department of Labor, Children's Bureau pub. no. 95. (Washington: Supt. Docs. 1921. Pp. 5.)
- Report of the United States Interdepartmental Social Hygiene Board, for the fiscal year ended June 30, 1921*. (Washington: Supt. Docs. 1921. Pp. 198.)

Social hygiene education; report on a social-hygiene program given at Teachers College in the summer session of 1920. (New York: Teachers College, Columbia Univ. 1921. Pp. 22.)

Insurance and Pensions

NEW BOOKS

BREWSTER, A. *The Brewster fire insurance digest.* (New York: Author. 1922. Pp. 78. 1922. \$1.)

CHAMBERLIN, W. F. *Industrial relations management as affected by group insurance.* (Hartford, Conn.: The Travellers. 1922.)

HURD, H. B. *Lectures on marine insurance.* Under the auspices of the Association of Underwriters and Insurance Brokers in Glasgow. (London: Effingham Wilson. 1922. 3s. 6d.)

INGENHÜTT, H. *Das Viehversicherungs-wesen in der Rheinprovinz.* (Leipzig: Kurt Schroeder Verlag. 1922.)

KELLER, M. *Die Behandlung des Kriegsrisikos in der Lebensversicherung unter dem Einfluss des Weltkrieges.* (Berlin: E. S. Mittler & Sohn. 1922. Pp. 88. 30 M.)

LOUGE, J. *L'assurance maritime et les risques terrestres.* (Paris: Lib. Générale de Droit et de Jurisprudence. 1921. Pp. ix, 140.)

MANES, A. *Versicherungswesen.* Vol. I—*Allgemeine Versicherungslehre.* Vol. II—*Besondere Versicherungslehre.* Third edition. (Leipzig: Teubner. 1922. Pp. xiv, 231; xiv, 357. \$3.70.)

MAY, E. C. *A vision of life insurance.* (Peoria, Ill.: E. Hine & Co. 1921. Pp. 300.)

PARKER, A. J., editor. *Insurance law of New York, being chapter 28 of the Consolidated Laws, and chapter 33 of 1909 including all amendments of 1921.* (New York: Banks Law Pub. Co. 1922. Pp. 506. \$6.)

RAMSAY, W. T. and TEAD, O. *Report of investigation into the operation of the British Health Insurance act.* (New York: Tead, O., N. Y. School of Social Work. 1922. Pp. 47.)

SCHNEIDER, W. R. *The law of workmen's compensation, rules of procedure, tables, forms, synopses of acts.* (St. Louis, Mo.: Thomas Law Book Co. 1922.)

STEVENSON, J. A. *Selling life insurance.* (New York: Harper. 1922. Pp. xi, 296.)

Insurance code of Arizona. (Phoenix, Ariz.: Corporation Commission, Insurance Dept. 1922.)

List of recent references on unemployment insurance. (Washington: Library of Congress, Div. of Bibliography. 1921. Pp. 12.)

Ordinances governing pensions of civil employees. (Providence, R. I.: Legislative Reference Bureau. 1922. Pp. 6.)

Workmen's compensation act of the state of Indiana, reprinted April, 1921, with amendments, supplementary acts and annotations; of Missouri,

effective Sept. 1, 1921; of New Mexico, revised with amendments, April, 1921, amendments effective June 11, 1921. (New York: F. R. Jones, 80 Maiden Lane. 1921. Pp. 43, 40, 32. 75c, 75c, \$1.)

Socialism and Co-operative Enterprises

Socialism: an Analysis. By RUDOLF EUCKEN. Translated by JOSEPH McCABE. (New York: Charles Scribner's Sons. 1922. Pp. 188. \$2.75.)

After all these years of heated controversy it has remained for the philosopher to write the most searching and effective criticism of the socialist ideal. Professor Eucken does not pretend to be an economist, and does not write in the language of economics, but he shows that back of its outward aspects socialism comprises an ideal of life which it is within the province of the philosopher to analyze.

The first half of the book is devoted to a statement of the socialist ideal which is eminently fair, and which presents socialism in a very favorable light. The philosophical criteria by which this ideal must be judged are then outlined in a short chapter, after which the ideal is subjected to critical examination, as to (1) the unity and harmony of life, (2) the socialist idealism, (3) the socialist conception of history, (4) the limits of socialist equality, (5) the problem of socialization, and (6) a criticism of economism. Under the first two heads Professor Eucken finds socialism too superficial. It is unable to give life a sufficient meaning and value. Its conception of history is inadequate. Its equality is in danger of becoming injustice and bringing about a condition without spirituality or culture. Socialism has no inner power to bind men in socialization, therefore the structure "must fall apart and end in a struggle of each against all." The economic task cannot be taken as the greatest of all without injuring and stunting man's inner life. "The external would dominate the internal." In short the fundamental weakness of socialism is its materialism and its reliance on economic conditions. It has been valuable to society as a criticism of existing evils but it is lacking on the constructive side.

It is of course Marxian socialism which Professor Eucken thus condemns. There are perhaps outside of Germany some schools of socialist thought which would not merit such severe condemnation, but the challenge is so vigorous that all forms of socialism are put on the defensive.

G. B. L. ARNER.

NEW BOOKS

BEBEL, A. and BERNSTEIN, E. *Der Briefwechsel zwischen Friedrich Engels und Karl Marx, 1844 bis 1883.* Four vols. 1922. 100 M.)

BRAND, E. and WALECKI, H. *Der Kommunismus in Polen. Drei Jahre*

- Kampf auf vorgeschobenem Posten.* (Hamburg: Carl Hoym Nachf. 1921. Pp. 85. 4 M.)
- DE LEON, D. *La reconstrucción socialista de la sociedad (el voto industrial).* (New York: El Partido Socialista Obrero. 1922. Pp. 75.)
- DELL, R. *Socialism and personal liberty.* (New York: Thomas Seltzer. 1922. Pp. 160. \$1.75.)
- DOUGHTY, W. H., JR. *Socialism and the average man.* (New York: Putnam. 1922. Pp. xiii, 238. \$2.50.)
- HOPKINS, O. T. *Working expenses in retail distributive coöperative societies.* (Manchester: Co-operative Union. 1921. Pp. 38. 1s. 6d.)
- JASZI, O. *Erwin Szabó und sein Werk.* (Leipzig: Archiv. f. d. Geschichte des Sozialismus u. der Arbeiterbewegung. 1921.)
- KNIEF, J. *Lassalle.* (Leipzig: Archiv. f. d. Geschichte des Sozialismus u. der Arbeiterbewegung. 1921.)
- LENZ, F. *Kant und Marxismus. Grundlegung und Kritik der Marxist.* (Stuttgart: S. Cottasche Buchhandlung Nachf. 1921. Pp. 175. 16 m.)
- LIEFMANN, R. *Die kommunistischen Gemeinden in Nordamerika.* (Jena: Fischer. 1922. Pp. 95. 12 M.)
- MAYER, G. *Neue Beiträge zur Biographie von Karl Marx.* (Leipzig: Archiv f. d. Geschichte des Sozialismus u. der Arbeiterbewegung. 1921.)
- MORIZET, A. *Chez Lénine et Trotsky, Moscou, 1921.* (Paris: La Renaissance du Livre. 1922. 7 fr.)
- REPKA, W. *Die Sozialisierung des Reiches.* (Hamburg: Unionverlag. 1921. Pp. 100.)
- SASS, A. *Marr' Beziehungen zu Bartholomäus von Szemere.* (Leipzig: Archiv f. d. Geschichte des Sozialismus u. der Arbeiterbewegung. 1921.)
- SAVAGE, M. D. *Industrial unionsim in America.* (New York: Ronald Press Co. 1922. Pp. 344. \$2.25.)
- STURT, H. *Socialism and character.* (London: Allen & Unwin. 1922. Pp. 214. 7s. 6d.)
- WIZNITZER, A. *Marx und die irische Frage.* (Leipzig: Archiv f. d. Geschichte des Sozialismus u. der Arbeiterbewegung. 1921.)
- Coöperation; a selected bibliography.* Bull. no. 48. (New York: Russell Sage Foundation. 1921. Pp. 4.)
- Coöperative congress 1919 and 1920. The fifty-first and the fifty-second annual congress.* (London: Co-operative Union. 1921. Pp. xl, 814; xl, 824.)

Statistics and Its Methods

Wealth and Taxable Capacity. By SIR JOSIAH STAMP. (London: P. S. King & Son. 1922. Pp. 195. 10s 6d.)

In a manner both scientific and readable this collection of lectures analyzes the recent wealth and income statistics of the United Kingdom. Dr. Stamp's evident familiarity with the available data is re-

vealed so clearly that the reader is at once given confidence in the conclusions reached.

The discussion of the value of the national wealth points out simply and clearly the different definitions which may be applied to this concept and the wide discrepancies in the results obtained by following these various definitions. In only one respect does Dr. Stamp's analysis appear to be materially incomplete. He fails to show that the value attached to the tangible wealth, since it is necessarily derived from the interaction of subjective estimates, is wholly psychological; and hence may change greatly with waves of optimism or pessimism, even though no change occurs in the stock of physical goods on hand. While the device of multiplying income by some constant factor is a most useful method of obtaining a first approximation to a total of physical wealth, the fact should be more clearly brought out that this procedure gives a result which is likely to differ much from the current value placed upon the total existing stock of goods.

The picturing of the annual national income as a great heap of goods against which individual income recipients are constantly being given claim checks is a very forceful way of presenting to the public a much misunderstood phenomenon. The difficult question of dealing with interest on loans for consumption purposes is less adroitly handled. The author apparently overlooks the fact that the borrower, by obtaining goods when he wishes them, may thereby gain an additional service equalling in value the interest that he pays. Is it not reasonable to include the value of this additional service in the total of the national income? In his discussion of tax payments Dr. Stamp nowhere touches upon what seems to be the crux of the whole matter: namely, the fact that the government gives in return for taxes two kinds of services; assistance to business and direct consumption goods. Evidently, the tax bill covering the first class of services is deductible from the total of individual incomes; while taxes going to buy direct enjoyment, as for example the use of city water or parks, are no more deductible than are payments for groceries or theatre tickets. He also seems to overlook the fact that the victory over Germany was largely a service of the latter class.

In enumerating various methods of measuring the national income, the author does not mention that one which is perhaps the easiest: namely, that of ascertaining the total payments by industries to individuals made in such forms as wages, salaries, rents, interest, dividends, etc.

The recent studies made by Mr. Frederick Macaulay seem to indicate that Pareto's so-called law is entitled to somewhat less confidence than that given to it by Dr. Stamp, even though it doubtless has distinct merit as a means of detecting gross errors.

The conclusion reached that the slope of the curve representing distribution of income has remained much the same for 120 years is one of the most interesting things in the book. It is distinctly in harmony with the evidence previously cited by the present reviewer of the general tendency of the distribution of wealth to be very similar at widely separated times and in different countries. Is there, then, a "natural law" of distribution of wealth and income based upon the distribution of human ability? Another conclusion of importance is that the net savings of the British people tend to be about one sixth of their total income. This fraction corresponds very closely to a recent estimate for the United States made by the present reviewer.

The analysis of the forces affecting the taxable capacity of a nation is one of the chief contributions of the book and is well worthy of the attention both of economists and of students of public finance, as is also the chapter on "The effect of changing price levels upon profits and wages." This last section would be strengthened slightly were the fact brought out that wholesale prices are affected largely by optimism and pessimism concerning the business outlook as well as by changes in the quantity of the medium of exchange.

On the whole, this book, whether considered from the theoretical point of view or merely in respect to the statistics pertaining to the United Kingdom, is entitled to rank with the best of works dealing with wealth and income and their relation to taxation.

WILLFORD I. KING.

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NEW BOOKS

BODDINGTON, A. L. *Statistics and their application to commerce.* (London: H. Foulks Lynch & Co. 1921. Pp. xv, 220.)

DAVIES, G. R. *Introduction to economic statistics.* (New York: Century Co. 1922. Pp. vi, 163.)

This latest addition to the rapidly increasing number of elementary texts on statistical method is written to meet the demand of those who desire to teach the subject in conjunction with economic problems and to have text and laboratory exercises combined in one volume. For the teacher who is compelled to give a hasty review of statistics in a single semester, with only a meager amount of time available for laboratory work, such a text has distinct advantages and this type of demand is so common that the book will doubtless serve a large constituency.

The amount of space devoted to the study of abstract basic principles has been reduced to a minimum and the student is introduced almost at once to the field of practical problems. As a rule, these are well set forth, though in some instances clarity has been sacrificed to brevity. That important subject, the correct method of constructing table forms, has been passed over very lightly and the student is soon introduced to frequency tables and averages. The bulk of the work is devoted to the treatment of historical data, much space being given to index numbers of

wages and prices. Descriptions of the methods involved are frequently illustrated by examples of existing price index series. The ways in which these indices are derived are explained admirably but the principles underlying the different types of index numbers are not always so clearly set forth.

The reviewer regrets to see Professor Davies endorse the Chinese-like plan of putting the last date first and the rather unscientific procedure of forcing percentages to add up to 100. Another feature of the book which is subject to criticism is the form of the charts. The numbers on the vertical scales are frequently misplaced and scale titles are often either missing or inadequate. The discussion of the methods used in determining the trends of historical variables is characterized by unusual simplicity and clarity. Just what the trend is intended to portray is not, however, so clearly brought out. The treatment of correlation likewise is strong in description of the process but somewhat weak in analysis of the fundamental principles involved. The book includes clear directions for laboratory practice, an admirable bibliography, and a simple table of squares and cubes with the corresponding roots. It also contains no inconsiderable amount of valuable statistical data. On the whole, the work reflects distinct credit on its author.

WILLFORD I. KING.

DAY, E. E., editor. *Statistical record: 1921. Monthly data.* Review of Economic Statistics, Supplement, April, 1922. (Cambridge: Harvard Econ. Service. 1922. Pp. 141.)

FISHER, A. *The mathematical theory of probabilities and its application to frequency curves and statistical methods.* Vol. I, *Mathematical probabilities, frequency curves, homograde and heterograde statistics.* Second edition, greatly enlarged. (New York: Macmillan. 1922. \$5.)

GILBRETH, F. B. and GILBRETH, L. M. *Process charts.* Presented at the annual meeting of the American Society of Mechanical Engineers, December, 1921. (Montclair, N. J.: F. B. Gilbreth, 58 Eagle Rockway. 1922. Pp. 17.)

LAPLACE, P. S. *Essai philosophique sur les probabilités.* (Paris: Gauthier-Villars. 1922. 6 fr.)

PERSONS, W. M. *Interpretation of the index of general business conditions.* (Cambridge: Harvard Econ. Service. 1922. Pp. 11.)

SAITZEW, M. *Die Motorenstatistik, ihre Methode und ihre Ergebnisse. Eine Studie aus dem Gebiete der internationalen Wirtschaftsstatistik.* (Zürich: E. Rascher. 1922. Pp. vii, 275.)

SYMIAUD, F. *Statistique et expérience. Remarque de méthode.* (Paris: Rivière. 1922.)

ZUCKERMANN, S. *Statistischer Atlas zum Welthandel.* Part I. *Text und Tabellen.* Part II: *Graphische Tafeln.* (Berlin: O. Elsner. 1922. Pp. xvi, 191; 156. 600 M.)

Age-grade and nationality survey by the Bureau of Statistics and Reference. Research bull. no. 7. (Detroit, Mich.: Detroit Educational Bulletin, Bd. of Education. 1922. Pp. 27.)

Empire du Japon pendant l'an VII de Taisho—1918. Statistique des causes de décès de l'Empire. Vol. I—Fu, Ken et Hokkaido ou districts.

- Vol. II—*Shi et Ku ou grandes cités de plus de 50,000 inhabitants.* (Tokio: Dept. Impérial de Recensement. 1921. Pp. vi, 493; ii, 335.)
- Official year book of the Commonwealth of Australia, 1901-1920.* No. 14. (Melbourne: Commonwealth Bureau of Census and Statistics. 1921. Pp. xxxviii, 1228.)
- Results of a census of the Dominion of New Zealand, April 17, 1921.* Part I, *Population.* With appendices A, B, C, D, E, and F. (Wellington: Census and Statistics Office. 1921. Pp. 91, 15, 15, 12.)
- Resúmenes del censo de las Provincias de Lima y Callao, 1920.* (Lima, Peru: Imp. Tonne Aguinne. 1921. Pp. 200.)
- Statistical abstract of Peru, 1920.* (Lima: Bureau of Statistics. 1921. Pp. 133.)
- Statistics of private commercial and business schools, 1919-1920.* Bureau of Education, bulletin, 1922, no. 4. (Washington: Supt. Docs. 1922. Pp. 11. 5c.)
- Statistics of railways in the United States, 1919.* (Washington: Interstate Commerce Commission. 1922. Pp. 819.)
- Statistisk aarbog 1921.* *Udgivet af det Statistiske Departement.* (Copenhagen: Gyldendalske Boghandel. 1922. Pp. xxiv, 236. 2 Kr.)
- Statistical year book of Quebec, 1921.* (Quebec: Bureau of Statistics. 1921. Pp. vii, 576.)
- Statistisk Årsbok för Finland ny serie Nittonde Årgången, 1921.* (Helsingfors: Statsrådets Tryckeri. 1921. Pp. 294.)
- Trade of the United States in 1921 stated in the international statistical classification.* (Supplement to Commerce Reports, Department of Commerce, July 12, 1922. Trade information bull. no. 30. (Washington: Bureau of Foreign and Domestic Commerce. 1922. Pp. 9.)
- United States life tables, 1890, 1901, 1910, and 1901-1910.* *Explanatory text, mathematical theory, computations, graphs, and original statistics, also tables of United State life annuities, life tables of foreign countries, mortality tables of life insurance companies.* Issued by the Bureau of Census. (Washington: Supt. Docs. 1922. \$1.25.)
- Western Australia statistical register for the year 1920-1921 and previous years.* Part II and III: *Public finance and accumulation*; V: *Land settlement, agriculture, live stock, and meteorological statistics*; VI: *Industrial establishments (exclusive of mines)*; VII: *Mineral statistics and water conservation.* (Perth: Fred W. Simpson. 1922. Pp. 16, 71, 23, 11.)
- Die Wirtschaftskurve.* *Mit Indexzahlen der Frankfurter Zeitung.* (Frankfurt: Verlag der Frankfurter Societätsdruckerei. 1922. Pp. 80. 15 M.)
- Year book of the state of Indiana, 1921.* (Indianapolis, Ind.: Governor's Office. 1922. Pp. 1213.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Economic History (United States)

(Abstracts by Amelia C. Ford)

- APFLEGATE, L. *Notes and reminiscences of laying out and establishing the old Emigrant Road into South Oregon in the year 1846.* Ore. Hist. Soc. Quart., Mar., 1921. Pp. 34. Relates hardships and Indian dangers endured while blazing out a route to the Far West; refers to opposition from the Hudson Bay Co.
- ARNESON, E. P. *The Bryan-Hayes correspondence; early irrigation in Texas.* Southwestern Hist. Quart., Oct., 1921.
- BUFFINGTON, A. H. *The policy of Albany and English westward expansion.* Miss. Valley Hist. Rev., Mar., 1922. Pp. 40. Discusses the methods of the Albany fur traders in the 17th century; believes these Dutch burghers were in a position to strike for the fur trade of the continent had they had imagination and willingness to take risks.
- BURNHAM, G. H. *Economic effects of New England's ice storm.* Journ. of Geog., May, 1922. Pp. 9. Tells of the havoc wrought on all forms of wire service in the vicinity of Worcester, Mass., and how the damage was repaired.
- CONNOLLY, J. C. *Quitrents in colonial New Jersey as a contributing cause for the American Revolution.* Proc., N. J. Hist. Soc., Jan., 1922.
- COTTERILL, R. S. *The beginnings of railroads in the Southwest.* Miss. Valley Hist. Rev., Mar., 1922. Pp. 9. Describes the efforts of rival southern cities in the 30's to tap the New Orleans' trade with the west, and the resultant railroad schemes.
- GRAHAM, F. D. *International trade under depreciated paper: the United States, 1862-79.* Quart. Journ. Econ., Feb., 1922. Pp. 54. A statistical study of prices in the U. S. during the greenback period; a test and substantial verification of Professor Taussig's theory as to international trade under depreciated currency.
- HARLAN, E. R. *Transportation in Iowa before the railroads.* Annals of Iowa, July, 1921. Pp. 7. Describes the course followed by early travel in Iowa, particularly the Mormon Trail; includes an advertisement of the ferry at Council Bluffs.
- HATCHER, M. A. *Conditions in Texas affecting the colonization problem, 1795-1801.* Southwestern Hist. Quart., Oct., 1921.
- JILLSON, W. R. *A history of the coal industry in Kentucky.* Register of Ky. State Hist. Soc., Jan., 1922. Pp. 25. Outlines the development of the coal mines, labor troubles, improvements in mining methods, markets, statistics of annual production. Illustrated.
- KUYKENDALL, R. S. *An American shipbuilder for Spanish California.* Hispanic Am. Hist. Rev., Feb., 1922. Pp. 8. Tells of a contract made in 1788 with a master shipbuilder of Boston to go to the Californias and of the rejection of this "foreigner" by the viceroy who demanded a shipbuilder from Spain since none was to be had in Havana.
- MARTIN, H. C. *Provincial, continental, and federal revenues of Lancaster County.* Papers read before the Lancaster Co. Hist. Soc., Feb., 1921.
- MEIMA, R. C. *A forgotten city.* Mich. Hist. Mag., July-Oct., 1921. Pp. 13. Tells of the outlay in 1835-37 of vast sums to construct on Pigeon River, Michigan, a metropolis for the whole Mississippi Valley, and of the ruin of the scheme.

- MORRISON, A. J. *Virginia Indian trade to 1673*. William and Mary College Quart. Hist. Mag., Oct., 1921.
- MURDOCK, F. R. *Some aspects of Pittsburgh's industrial contribution to the World War*. Western Penn. Hist. Mag., Oct., 1921.
- O'HARRA, C. C. *Some early pictures of the Black Hills Country*. Pahasapa Quart., published by the So. Dakota School of Mines, Feb., 1921. Pp. 9. An important function of the Custer expedition of 1874 was the search for gold; gives a picture of the first quartz mill brought into the Black Hills, Sept., 1876. The mill is described by Capt. C. V. Gardner in the *Deadwood Times*, August, 1888.
- PEATTIE, R. *Hunting oil in Oklahoma*. Atlantic Mo., May, 1922. Pp. 12. Describes living conditions in the oil country and certain aspects of the oil business.
- SCHAFER, J. *The microscopic method applied to history*. Minn. History Bull., Feb.-May, 1921. Pp. 18. Sets forth the plan of writing a pioneer history of every township in Wisconsin, with plates showing the farms and their owners from the beginning up to 1870.
- . *Wisconsin's Farm Loan law, 1849-1863*. Proc. Wis. State Hist. Soc., Oct., 1920. Pp. 36. A comprehensive discussion of the state's policy in handling its school lands and the funds arising from their sale during 1849-1863; a loan feature in this policy worked hardships and losses.
- SEARS, L. M. *The middle states and the embargo of 1808*. So. Atlantic Quart., Apr., 1922. Pp. 18. Analyzes the attitude of each of the middle states towards the embargo—a median attitude, on the whole; considers the conflict of sentiment in Philadelphia offers an important clue to the sources of national action during the embargo period.
- SHARP, M. J. *The M. & M. Railroad*. Palimpsest, Jan., 1922. Pp. 15. Sketches the building of the Mississippi and Missouri Railroad in Iowa, 1854-55, and its final fall into a receiver's hands.
- SIMPSON, C. *Reminiscences of early Pittsburgh*. Western Penn. Hist. Mag., Oct., 1921.
- STROBEL, H. F. *Coal and other things*. Stone & Webster Journ., June, 1922. Pp. 21. Sketches the two chief matters at issue in the coal miners' strike, the character of our bituminous coal resources, and methods of working the mines.
- An early description of Pennsylvania*. A letter written in 1724 by Christopher Sower, describing a voyage from Europe and conditions in Philadelphia and vicinity. Penn. Mag. Hist. & Biog., July, 1921. Pp. 12. Includes facts as to wages, house rent, prices of commodities in Philadelphia in 1724.
- Diary of a journey through Massachusetts, Vermont, and New York in 1800*. Vt. Hist. Soc., Proc. for 1919-1920.
- Journal of William Johnson*. Proc. N. J. Hist. Soc., Jan., 1922. Describes a journey by way of Pittsburgh and the Mississippi to New Orleans, 1800-1801. The journal, which will be continued, extends to 1813.
- Letters of a railroad builder: Isaac Lane Usher*. Palimpsest, Jan., 1922. Pp. 13. Edited by John C. Parish. Devoted chiefly to the financial details of railroad construction work in Iowa during 1853-1855, to prices of land, and business conditions.
- Letters of Sieur Terrisse de Ternan, 1727-1731, from the Cabildo Archives, New Orleans*. La. Hist. Quart., Oct., 1920. Pp. 34. Contain various references to the trade carried on between French settlements on the Mississippi and New Orleans before the Revolution.
- Westover Journal of John A. Selden, Esq., 1858-1862*. Smith College Studies in History, vol. VI, no. 4, July, 1921. Introduction and notes by Professor John S. Bassett.

Economic History (Foreign)

- ADDIS, C. *Financial conditions and outlook*. Scottish Bankers Mag., Jan., 1922. Pp. 15.
- ALVAREZ, F. M. *La clausula dela Nación más favorecida y nuestra política comercial*. Rev. de Ciencias Econ., Feb., 1922. Pp. 18.
- ARMINJON, P. *Situation économique de l'Egypte au moment de la guerre*. Rev. Econ. Intern., vol. II, no. 2, 1921. Pp. 30.
- ASHLEY, W. *The place of rye in the history of English food*. Econ. Journ., Sept., 1921.
- BARTHE, A. *Las herencias en España*. Rev. Nacional de Econ., Tomo X, 1921. Pp. 13.
- BESNIER, M. *Le commerce du plomb à l'époque romaine d'après les lingots estampillés*. Rev. Archeologique, Nov.-Dec., 1920.
- BEZANSON, A. *Early use of the term Industrial Revolution*. Quart. Journ. Econ., Feb., 1922. Pp. 6.
- BIRCK, L. V. *Krigens Fallitbo*. Nat. ök. Tids., no. 5-6, 1921. Pp. 49. Discusses the disastrous economic conditions following the war, paying special attention to dumping, inflation, deflation and state indebtedness.
- BIRKETT, M. S. *The British iron and steel industry*. Economica, June, 1922.
- BULLARD, W. I. *The financial debacle of central Europe*. Stone & Webster Journ., Jan., 1922.
- CASENAVE, M. *The economic situation of France*. Bankers Mag., Feb., 1922. Pp. 7.
- CHANDLER, H. A. E. *Some significant aspects of the German problem*. Commerce Mo., Apr., 1922.
- CHAPOT, V. *L'histoire économique de la Grèce*. Rev. de Synthèse Historique, Jan.-July, 1921.
- CHEN, T. *Prices and cost of living in Japan and China since the World War*. Mo. Labor Rev., Dec., 1921.
- CUVELIER, J. *Un capitaliste du XIVE siècle*. Bull. Cl. Lettres et Sciences Mor. et Pol., no. 2, 1921.
- DAVIDSON, D. *Till frågan om den rådande depressions genesis*. Ek. Tids., no. 12, 1921. Pp. 6. Discusses the disposition of the larger war supplies and banking policies as factors in the economic depression following the war.
- DAVIS, J. S. *Recent developments in world finance*. Rev. Econ. Stat., April, 1922. Pp. 25.
- DOUCET, R. *La France de 1796, l'Allemagne de 1922*. Monde Econ., May 20, 1922.
- GIRAULT, A. *La situation financière de Madagascar*. L'Econ. Franç., Apr. 8, 1922. Pp. 3.
- HALL, H. *Classified list of agrarian surveys to the public record office (London)*. Economica, Jan., 1922. Pp. 19.
- HAMMOND, J. L. *The agricultural laborer in the early nineteenth century*. Journ. Min. Agri. (London), no. 7, 1921. Pp. 11.
- HASHAGEN, J. *Die Vereinigten Staaten und Ostasien vor der Erschließung Japans*. Weltwirtsch. Archiv, Jan., 1922.
- HERTZ, F. *Austria's financial breakdown*. Nation, Jan. 18, 1922. Pp. 2.
- KIDDY, A. W. *Britain's financial and commercial position after the war*. Bankers Mag., Apr., 1922.

Agricultural Economics

(Abstracts by A. J. Dadisman)

- CAVERT, W. L. *Farm lease contracts*. Minn. Sta. Ext. Bull. 51, Oct., 1921. Pp. 8. A summary of points to consider in leasing farms.
- ELY, R. T. *A national policy for land utilization*. Pacific Rev., Mar., 1922. Pp. 9. An argument favoring a national land policy based upon classification of land.
- GRAY, L. C. and TURNER, H. A. *Buying farms with land-bank loans*. U. S. Dept. Agri. Bull. 968, July, 1921. Pp. 27. An analysis of the methods used in obtaining land by 2700 farmers who borrowed through the federal farm loan banks.
- HANDSCHIN, W. F. *Research in farm economics and farm management*. Journ. Farm Econ., Jan., 1922. Pp. 12. An analysis of the chief needs at the present time.
- HEPBURN, W. M., compiler. *Agricultural books of 1921*. Special Libraries, June, 1922. Pp. 3. A list of thirty-seven books with brief comments on each.
- HIOAG, E. F. *The national influence of a single farm community*. U. S. Dept. Agri. Bull. 984, Dec., 1921. Pp. 55. A study of the activities, at home and abroad, of the families of a rural community in northern New York. Fifteen tables and twenty-three figures.
- HOLDSWORTH, J. T. *Farm credits*. Journ. Farm Econ., Jan., 1922. Pp. 6. An argument in favor of better facilities for agricultural credit.
- JENSEN, W. C. *The cost of production of farm products*. So. Carolina Exp. Sta. Ext. Bull. 49, Dec., 1921. Pp. 29. An analysis of costs of growing the principal farm crops and an outline of method of cost accounting.
- KILBY, L. G. *Cotton growing within the British Empire*. Econ. World, June, 1922. Pp. 4. A review of recent developments in cotton growing countries of the empire and possible future development.
- MEHARRY, C. L. *Some factors of success in cornbelt farming*. Journ. Farm Econ., Jan., 1922. Pp. 12. A discussion of factors of success from practical experiences.
- MOOREHOUSE, L. A. and JUVE, O. A. *Labor and material requirements of field crops*. U. S. Dept. Agri. Bull. 1000, Dec., 1921. Pp. 56. A statistical and graphic presentation of costs of producing fifteen principal crops. Forty-two tables and sixteen figures.
- REW, R. H. *The progress of British agriculture*. Journ. Royal Stat. Soc., Jan., 1922. Pp. 19. A statistical study of the land area and agricultural production.
- SCHUL, G. B. *Modern land settlement*. California Journ. Agri., Mar., 1921. Pp. 4. Seven fundamental principles are discussed.
- WEHRWEIN, G. S. *Who owns the agricultural land in the United States*. Journ. Farm Econ., Jan., 1922. Pp. 8. A discussion of the problems in connection with the ownership of agricultural land.
- WHITBECK, R. H. *Geographical relations in the development of Cuban agriculture*. Geographical Rev., Apr., 1922. Pp. 18. A study of the present agricultural development and future possibilities in Cuba. Seven figures.
- WRIGHT, I. *The federal farm loan system*. Illinois Sta. Cir. 259, June, 1922. Pp. 20. An outline of the organization and operation of the federal farm loan system.
- The agricultural credit provided by the bank of Naples and the bank of Sicily*. Intern. Rev. Agri. Econ., Nov., 1921. Pp. 9. Detailed methods used and results obtained.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- AISHTON, R. H. *What railroads are doing to increase economy and efficiency of operation.* Proc. Acad. Pol. Sci., July, 1922. Pp. 3.
- ALLIX, G. *La situation des chemins de fer français.* Rev. Pol. et Parl., May 10, 1922. Pp. 11. Workings of the new French railway act.
- BAKER, B. *The basis of railroad wage settlements.* Annalist, July 3, 1922. Pp. 2. Analysis of living wage principle.
- . *Railroad wages and cost-of-living budgets.* Annalist, June 19, 1922. Pp. 2.
- BOEHLE, E. *Die englische Eisenbahnpolitik der letzten vierzig Jahre (1882-1922).* Archiv f. Eisenbahnw., May-June, 1922. Pp. 21. Second of a series, the first of which was noted in June issue.
- BRISLER, H. J. *The French railway problem.* Pol. Sci. Quart., June, 1922. Pp. 16. Steps leading up to French railway act of 1921.
- CHITTENDEN, G. E. *A summary of world progress in railway electrification.* So. African Rys. & Harbours Mag., May, 1922. Pp. 25. With elaborate statistical tables by A. M. Evans. Text covers Great Britain, America, France, Switzerland, Italy and other countries in detail.
- CLAPP, E. J. *An American transportation system.* New Repub., July 12, 1922. Pp. 4. Final article in series of four. Waterway problem treated.
- CUNNINGHAM, W. J. *How the railroads may render maximum service.* Proc. Acad. Pol. Sci., July, 1922. Pp. 8.
- DANIEL, H. *The romance of world communications.* World's Work, June, 1922. Pp. 9. The interlocking service of railways, ships, telephone, telegraph, cables, and radio.
- DAVIS, J. C. *The aftermath of federal control.* Proc. Western Ry. Club, May 15, 1922. Pp. 10. Address by the Director General of Railroads. Also appeared in *Railway Review* for May 20, 1922.
- . *Liquidation of federal railroad control.* Am. Bar Assoc. Journ., June, 1922. Pp. 6. Address by Director General of Railroads.
- DIXON, F. H. *Functions and policies of the Railroad Labor Board.* Proc. Acad. Pol. Sci., July, 1922. Pp. 10.
- DOAK, W. N. *Labor policies of the Transportation act from the point of view of railroad employees.* Proc. Acad. Pol. Sci., July, 1922. Pp. 10.
- DUNN, S. O. *America's railway fallacy.* No. Am. Rev., June, 1922. Pp. 12. That public service corporations should be held down to the lowest rate that avoids confiscation.
- . *International congress considers many subjects.* Ry. Age, May 13, 1922. Pp. 5. Review of program of ninth congress of International Railway Association at Rome, May, 1922.
- . *Rome congress adopts interesting conclusions.* Ry. Age, May 20, 1922. Pp. 5. Summary of conclusions reached at ninth International Railway Congress.
- . *Some observations on European railway service.* Ry. Age, May 27, 1922. Pp. 3.
- DUNNELL, R. F. *Transport law.* Journ. Inst. Transport (London), March, 1922. Pp. 11. Development of transportation law in England.
- EMERSON, H. *The railway target—how to hit the bull's eye.* Proc. N. Y. Railroad Club, Apr. 21, 1922. Pp. 11. Discussion of standards by which to judge railway financial results, with statistics and charts.

- _____. *A simplified analysis of the railroad problem.* Ry. Age, Apr. 29, 1922. Pp. 4. Normal relation between investment, earnings, operation expenses, and perpetuation expenses.
- ETTCOURT, R. *The value of railroad stock.* Annalist, Apr. 24, 1922. Pp. 2.
- FERRIN, A. W. *The government-owned railroads of Australia and the operating results shown by them.* Econ. World, Apr. 22, 1922. Pp. 2.
- FINNIGAN, G. P. *Is train control more desirable than signals?* Ry. Rev., Apr. 29, 1922. Pp. 4. An argument for automatic train control.
- FOSS, C. W. *Mexican railways prepared for improved business.* Ry. Age, May 6, 1922. Pp. 5, 8.
- HALE, R. L. *Rate making and the revision of the property concept.* Columbia Law Rev., Mar., 1922. Pp. 8.
- HEISERMAN, C. B. *Labor policies of the Transportation act from the point of view of railway management.* Proc. Acad. Pol. Sci., July, 1922. Pp. 10.
- HINES, W. D. *The new basis of rate making.* Proc. Acad. Pol. Sci., July, 1922. Pp. 8.
- HOOKE, C. R. *The transportation cost in a basic industry—steel products.* Proc. Acad. Pol. Sci., July, 1922. Pp. 4.
- HOPKINS, H. C. *Natal railways.* So. African Rys. & Harbours Mag., May, 1922. Pp. 6. Historical sketch.
- HOY, W. W. *Railway electrification in South Africa.* So. African Rys. & Harbours Mag., May, 1922. Pp. 6. With map and tables.
- HUNGERFORD, E. *A case for the steam locomotive.* Sat. Eve. Post, Mar. 25, 1922. Pp. 5. Steam and electric motive power compared.
- HUNT, H. T. *Railroad policies of the Transportation act from the standpoint of the public group.* Proc. Acad. Pol. Sci., July, 1922. Pp. 11.
- HUTCHINS, F. L. *Are the railroads over-equipped?* Annalist, May 15, 1922. Pp. 2. By charts and statistics the question is answered in affirmative.
- JACKMAN, W. T. *The critical position of the Canadian railways.* Queen's Quart., Jan.-Mar., 1922. Pp. 20. Increased costs and deficits of Canadian lines other than Canadian Pacific.
- JOHNSON, T. R. *Railway problems in Australia and China.* Journ. of Inst. Transport (London), May, 1922. Pp. 9.
- KENTON, T. A. *Railway statistics in Great Britain.* L. & N. W. Ry. Gaz., Mar., Apr., 1922. Pp. 4, 4.
- KNAUSS, R. *Die Neuordnung des französischen Eisenbahnwesens.* Archiv f. Eisenbahnw., May-June, 1922. Pp. 51. Historical sketch of French railway legislation down to the new law of 1921.
- KOLLER, P. *Trois années d'existence des chemins de fer tchécoslovaques.* Rev. Gen. des Chemins de Fer, Apr., 1922. Pp. 15. With map and statistics.
- MCLEAN, S. J. *The Railway Commission and nature of its work.* Proc. Canadian Ry. Club, Apr., 1922. Pp. 16. History and work of the Canadian Railway Commission.
- MARKHAM, C. H. *What small customers can do for a business.* System, June, 1922. Pp. 5. The relation of railways to their customers—shippers and travelers.
- MORROW, J. D. A. *The transportation factor in the price of coal.* Proc. Acad. Pol. Sci., July, 1922. Pp. 12.
- DE NOUVION, G. *Les comptes des chemins de fer de l'Etat en 1920.* Journ. des Econ., Apr. 15, 1922. Pp. 6. Operating deficit of 477 million francs in 1920.

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- . *Les grandes compagnies de chemins de fer en 1921*. Journ. des Econ., May 15, 1922. Pp. 29. Operation of the new law of 1921, and effect on the several companies.
- PARMELEE, J. H. *The present railroad situation under the Transportation act of 1920*. Administration, July, 1922. Pp. 8. Summary of railway results since March 1, 1920.
- PAYEN, E. *Les grandes compagnies de chemins de fer en 1921*. L'Econ. Franç., May 27, 1922. Pp. 3. The five large private French railway companies all showed increased revenues in 1921 over 1920.
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- . *Les grandes compagnies de chemins de fer en 1921. Les dépenses*. L'Econ. Franç., June 3, 1922. Pp. 3.
- PESCHAUD, M. *Le nouveau régime des chemins de fer de la Grande-Bretagne*. Rev. Gen. des Chemins de Fer, Jan., 1922. Pp. 4. Summary of British Railways act, 1921.
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- . *Le réseau ferré Marocain*. Rev. Gen. des Chemins de Fer, Mar., 1922. Pp. 11. With map and statistical tables.
- . *Les résultats de l'exploitation des cinq Grandes Compagnies de Chemins de fer en 1921*. Rev. Gen. des Chemins de Fer, July, 1922. Pp. 16.
- . *Results of operation of French railways in 1921*. Ry. Age, July 1, 1922. Pp. 5. Improvement over 1920, but total deficit in 1921 was about \$260,000,000, computed on basis of current rates of exchange.
- . *La situation des chemins de fer italiens*. Rev. Gen. des Chemins de Fer, Apr. 1922, Pp. 4.
- POSTLETHWAITE, J. R. *Regional offices for the I. C. C.* Ry. Rev., June 10, 1922. Pp. 3. Suggestions based in part on report of Joint Congressional Commission of Agricultural Inquiry.
- PRINGLE, J. W. "Safety" in railway operation. Ry. Gaz. (London), May 26, 1922. Pp. 3.
- QUICK, H. *Solution of the railroad problem*. Sat. Eve. Post, Mar. 11, 1922. Pp. 6. The advantages of electrification of railway motive power.
- RICHBERG, D. R. *A permanent basis for rate regulation*. Yale Law Journ., Jan., 1922. Pp. 20.
- SEAGER, H. R. *Railroad labor and the labor problem*. Proc. Acad. Pol. Sci., July, 1922. Pp. 4.
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- Sveriges offentliga arbetsförmedling*. Soc. Medd., no. 5, 1922. Pp. 2. A summary of Swedish official unemployment statistics for March, 1922.
- The third International Trade Union Congress*. Intern. Labor Rev., June, 1922. Pp. 17.
- Wages and hours of labor in anthracite coal mining in Pennsylvania in Jan., 1922*. Mo. Labor Rev., May, 1922. Pp. 8.
- Wages and hours of labor in bituminous coal mining in the fall and winter of 1921-1922*. Mo. Labor Rev., Apr., 1922. Pp. 8.

Money, Prices, Credit, and Banking

(Abstracts by N. R. Whitney)

- AMONN, A. *Das Ziel der Währungspolitik*. Zeitschr. f. Volkswirts. u. Sozialpolitik, 7-9 Heft, 1922. Pp. 30. The goal should be stabilization of moneys in international exchange. Stability is of more importance than the level of the value of a particular money. There should be a general introduction of the gold standard or some other metallic standard.
- ANDERSON, B. M. *A fundamental solution of the foreign exchange problem*. Bankers Mag., Apr., 1922. Pp. 6. Restoration of actual gold payments essential. This can only be brought about by (1) balancing government expenditures and revenues; (2) building up the credit of the European states; (3) establishing a new gold par within reach; (4) reducing floating debts of the states; (5) curtailing paper money issues; (6) accumulating reserves of gold in the banks; (7) canceling debts between allies; (8) offering of loans by the United States and England.

- ARMINJON, P. *Le change Egyptien depuis la guerre*. Rev. d'Econ. Pol., May-June, 1921. Pp. 16.
- AUSTIN, O. T. *Rise and fall of world prices, 1913-1922*. Bull. Nat. City Bank of N. Y., June 3, 1922. Pp. 4. Tables showing average price per pound of principal articles imported and exported during years 1913 to 1922.
- BARDIANI, F. *Impoverished Europe craves a new gold standard*. Annalist, June 12, 1922. Pp. 2. A suggestion for "a gold standard international money to be exchanged for national currencies on a self-stabilizing basis. It calls for the free participation of all the civilized states of the world, proportionally to their wealth in gold, and the service of their actual banking machinery."
- BARROWS, F. B. *The country bank's substitute for "exchange."* Bankers Mag., June, 1922. Pp. 8. Abolition by the federal reserve system of the indirect "exchange" charge on check collection justified. It is proposed that a similar charge be levied with a definite, direct incidence on the drawer and on the depositor.
- BAUDIN, L. *La liquidation de la crise et la question des réparations d'après les banquiers anglais*. Rev. d'Econ. Pol., Mar.-Apr., 1922. Pp. 16.
- BEHNSEN, H. *Die internationale Währungsfrage*. Preussische Jahrb., Jan., 1922.
- BERNARD, G. *Inflation in Germany and the German banks*. Econ. World, Apr. 29, 1922. Pp. 2. Reprinted from *Journal of Commerce and Commercial Bulletin*, Apr. 21, 1922. The financial system of the Reich is responsible for inflation in Germany.
- BICKERDIKE, C. F. *Internal and external purchasing power of paper currencies*. Econ. Journ., Mar., 1922. Pp. 11. If a change in the volume of money is the only influence operating, the internal and external purchasing power of inconvertible paper money should be equal and should reflect the change in the volume of money. However, there are other influences operating. The external purchasing power may be affected by a change in the demand for foreign goods; by a change in the conditions of supply of goods available for export; or by the necessity for payment of foreign debts. The external purchasing power of continental currencies is low as compared with their internal purchasing power, because of impoverishment resulting from the war. In the case of marks it is due in part to bear speculators. If further issues of paper were stopped and the central bank acquired holdings of sterling or dollar securities or commercial paper which could be put on the market when exchange is unduly depressed, some approach to stability might be obtained.
- BIRCK, L. V. *Hvor er vor Beholdning af Sedler og Skillingmønt*. Nat. øk. Tids., no. 1. 1922. Pp. 7. On January 11, 1922, there was an official count of the money, paper and coin, to be found in all Danish financial institutions. This article summarizes the results with their implications.
- BONAR, J. *Knapp's theory of money*. Econ. Journ., Mar., 1922. Pp. 8. A review of Knapp's *Staatliche Theorie des Geldes*. The historical portions of the book are praised highly; the desirability of adopting his terminology is questioned; and his fiat theory of money is rejected. The absence of any discussion of the theory of value is unusual, but according to the reviewer, Knapp regards the theory of money as a political rather than an economic matter.
- CANNAN, E. *Recent memoirs on currency policy*. Econ. Journ., Mar., 1922. Pp. 8. Notes on Seligman's *Currency Inflation and Public Debts*; Cassel's *The World's Monetary Problems*; and *Monetary Policy: Being the Report of a Sub-Committee on Currency and the Gold Standard*, by Clapham et al.
- CANNAN, E., ROSS, W. D., BONAR, J., and WICKSTEED, P. H. *Who said "barren metal"?* Economica, June, 1922. Pp. 6. A symposium on the origin of the phrase "barren metal."

- DÉCAMPS, M. J. *Les aspects actuels du problème monétaire*. Réf. Soc., Mar.-Apr., 1922. Pp. 19. Most of the trouble has been caused by large issues of paper money. Restoration of pre-war monetary conditions desired, but this restoration must take place gradually.
- ELSAS, M. *The internal purchasing power of the German mark (II)*. Econ. Journ., Mar., 1922. Pp. 7. A comparison of the value of the mark and the rise in the cost of living at various dates, as compiled by several observers.
- ESTCOURT, R. *Stabilizing or improving the exchanges*. Annalist, June 12, 1922. Pp. 2. Indicates several "fallacies" in Keynes proposal for stabilization of the exchanges.
- EVERSOLE, S. *Facts worth knowing about women savers*. Bankers Mag., June, 1922. Pp. 3. An analysis of the occupations, ages and balances of 2000 self-supporting women depositors in four mutual savings banks in Boston. Data obtained during last ten days in November, 1921. Graphs and tables included.
- FOSTER, W. T. *Money as a medium of exchange*. Annalist, June 12, 1922. Pp. 2. As a medium of exchange money has been the "indispensable means" by which the modern social organization and a comparatively high standard of living for the "rank and file" has been achieved. Any improvement in our economic order must be made on a monetary basis. A return to barter is out of the question.
- . *Money in relation to goods*. Annalist, May 1, 1922. Pp. 2. The supply of money, including bank credit, may, and frequently does, vary independently of the need for it, as indicated by the supply of goods to be exchanged.
- GABRIELI, G. *Letteratura bancaria*. Riv. Intern., Jan., 1922. Pp. 5. The purposes and character of publications by banking houses.
- HAHN, A. *Zur neueren geldtheoretischen Literatur IV*. Archiv f. Sozialwis. u. Sozialpolitik, Mar., 1922. Pp. 5. Reviews of Heyn's *Zur Valutafrage*, and Gesell's *Internationale Valuta-Assoziation*.
- HECKSCHER, E. F. *Den nordiska myntunionen*. Nat. ök. Tids., no. 1, 1922. Pp. 20. An address on the Scandinavian monetary union and results brought about by war conditions.
- HOPE, G. A. *Federal reserve notes as bank reserves*. Journ. Am. Bankers Assoc., June, 1922. P. 1. Many state banks count these notes as part of their lawful reserve. This is undesirable, because they are in part credit instruments. It also prevents the notes so used from returning to the issuing bank for retirement, and thus impedes the contraction of note issues.
- . *How the reserve banks clear by wire*. Bankers Mag., May, 1922. Pp. 6. The gold settlement fund and telegraphic transfers have contributed greatly toward securing complete fluidity of funds throughout the country.
- LAUGHLIN, J. L. *The German monetary situation*. Am. Rev. Rev., May, 1922. Pp. 5. German monetary troubles arise from the overissues of inconvertible paper, the emission of which must be halted before real progress can be made. The huge demand debt should then be funded into long-term bonds to be exchanged only for paper marks. The bonds might bear no interest for the first year or two, then one per cent and so on, gradually increasing. The exchange for marks could be offered at a rate slightly above their current value, the price to be raised as the mark rises in value.
- LEDERER, E. *Zur neueren geldtheoretischen Literatur III*. Archiv f. Sozialwis. u. Sozialpolitik, Mar., 1922. Pp. 5. A review of Gustav Cassell's *Das Geldproblem der Welt*.
- LEGROS, J. B. *Chronique de l'inflation*. Journ. des Econ., Apr. 15, May 15, 1922. Pp. 14, 9. The financial commission at the Geneva conference urged the following as requisites for improvement: (a) central banks should be freed from

political control; (b) European moneys should be placed on a common standard—gold; (c) governments should definitely announce their intention to reestablish the gold standard; (d) budgets must be balanced; (e) further paper issues should be stopped; (f) all artificial regulation of exchanges should be abolished.

LESCURE, J. *Bancos de depósito, bancos de emisión y bancos de reserva*. Rev. de Ciencias Econ., Feb., 1922. Pp. 5. Translated and adapted from the *Revue d'Economie Politique*. Description of the functions of different types of banks. A reserve bank should be at the same time a bank of emission and a bank of deposit in order to furnish maximum elasticity.

LIESSE, A. *La "stabilisation" des changes et la coopération des banques d'émission*. L'Econ. Franç., May 20, 1922. Pp. 3. Representatives from the various banks of emission throughout the world should meet to devise practical means to stabilize exchange. Gold should be adopted as the common monetary standard.

MCCALEB, W. F. *Scope and mission of cooperative banking by organized labor*. Trust Companies, Apr., 1922. Pp. 3. An outline of the principles upon which the Brotherhood of Locomotive Engineers Coöperative National Bank of Cleveland is founded, together with a statement of the progress thus far made by this institution.

MAYER, H. *Untersuchung zu dem Grundgesetz der wirtschaftlichen Wertrechnung*. Zeitschr. f. Volkswirtsch. u. Sozialpolitik, 7-9 Heft, 1922. Pp. 28. An attempt to arrive at a definition of value by examining and comparing definitions of other writers. Article to be continued.

MEYER, E., JR., *The War Finance Corporation and agricultural finance*. Bankers Mag., June, 1922. Pp. 6. A description of the post-war operations of the War Finance Corporation by the managing director; his recommendations for further legislation; and a statistical presentation of the work of the corporation from January 4, 1921, to April 29, 1922.

MINTY, L. *The work and organization of an American trust company*. Scottish Bankers Mag., Apr., 1922. Pp. 13.

OAKWOOD, J. *India's menace to world gold standard restoration*. Annalist, May 29, 1922. Pp. 2. India is absorbing practically all new South African gold arriving in London, and is drawing substantial amounts from the United States. Gold going to India is practically lost for monetary purposes.

OAKWOOD, J. *The new swing in the world's gold currents*. Annalist, Apr. 3, 1922. Pp. 2. Exports of gold from London to United States have fallen off; they have increased sharply to India and to Switzerland. Imports from South Africa to London have shown considerable decrease as a result of labor troubles in the Transvaal.

O'FARRELL, H. H. *Prices and productivity*. Fortn. Rev., Nov., 1921.

PARET, L. V. *La nueva ley del Banco de España*. Rev. Nacional de Econ., Tomo XI, 33. Pp. 21. Criticizes the Bank of Spain on the ground that it is organized and operated with an eye to obtaining greatest possible profits. Profits should not be the chief aim of banks of emission—they are distinctly public service agencies. The dividends of the Bank of Spain have uniformly exceeded those of other European central banks.

PREBISCH, R. *Anotaciones sobre nuestro medio circulante*. Rev. de Ciencias Econ., Feb., 1922. Pp. 37. An account of the Banco Nacional and the Banco de la Provincia during the period from 1872-1899. This traces the operations of the banks through the crises of 1881, culminating in the collapse of 1884-1885, and a second crisis in 1890, due to the inflation and speculation just preceding 1890.

PRICE, L. L. *Reconstruction and monetary reform*. Econ. Journ., Mar., 1922. Pp. 5. Suggests that the time is ripe for the adoption of Professor Fisher's plan to stabilize the dollar.

- RASIN, A. *What Czechoslovakia has done to strengthen her currency.* Econ. World, Mar. 25, 1922. Pp. 2. Immediately after the revolution of October, 1918, a state bank was established separate from the Austro-Hungarian Bank. Borrowing money on war loans was forbidden and the emission of uncovered notes was limited. Good harvests, increased taxation, lowering of the wages and the number of state employees, railway tariffs, all aided in maintaining the position of the Czechoslovakian crown. A policy of deflation has been undertaken but it is difficult to carry out, owing to economic conditions in neighboring countries.
- RUSSEL, A. W. *Banking, a new conception of an old science.* Annalist, June 19, 1922. Pp. 2. First of a series of articles promised on this subject. The "new conception" is apparently reserved for subsequent articles.
- SHERWELL, G. B. *Banking and trading with Mexico.* Journ. Am. Bankers' Assoc., Apr., 1922. Pp. 5. Peculiarities of Mexican negotiable instruments laws; procedure in financing imports in Mexico. Currency is scarce, rates of interest are high, and there is need for an efficient banking service. Great opportunities await American bankers and merchants.
- SLATER, G. *Indian exchange and currency.* Wealth of India, Mar., 1922. Pp. 3. A review of K. C. Mahindra's book of this title. Approval is expressed for the author's suggestion that India should adopt Professor Fisher's plan, with modifications, to stabilize the purchasing power of the rupee.
- STERNHEIM, A. *De internationale Geldmarkt.* De Economist, May, 1922. Pp. 8. A survey of the present international money market.
- SYKES, E. *Mr. R. G. Hawtrey on the efficacy of the rate of discount.* Journ. Inst. Bankers, Apr., 1922. Pp. 5. Discussion of a paper on "The Federal Reserve System of the United States," read by R. G. Hawtrey before the Royal Statistical Society. It is contended that Hawtrey ascribes too great importance to the efficacy of the discount rate in the United States, and that a great fall in prices was bound to occur after the war-time speculation regardless of the rate of discount.
- TJ. G. *Over Betalingen in Binnen en Buitenland.* De Economist, May, 1922. Pp. 5. Concerning the payment of internal and of foreign obligations by the Dutch under post-war conditions.
- WARD, W. *Commercial letters of credit as trade weapons.* Administration, May, 1922. Pp. 8. The use of commercial letters of credit is essential to the maintenance and extension of our foreign trade. There is little need for better banking facilities, but rather for better banking risks. Two main objections have been advanced against the use of commercial letters of credit—(1) the cost; and (2) the request for a letter of credit reflects upon the financial standing of the buyer. The cost should be regarded as an insurance premium against loss, and as such might be borne by the seller. As to the second objection, the request for a letter of credit really implies that the buyer's credit rating is satisfactory in his own locality, where he is best known.
- WERTHEIM, M. *Gold loans for Europe?* Bankers Mag., May, 1922. Pp. 4. The United States government should make gold loans to European countries to enable them to establish the gold standard. But this should not be done until—(1) budgets are balanced; (2) further inflation is stopped; (3) the amount of the reparations is definitely fixed; and (4) interallied loans are canceled.
- WILLIS, H. P. *Salaries of federal reserve bank officers.* Journ. Am. Bankers Assoc., Apr., 1922. Pp. 3. Salaries are higher than those paid to the head officers of the central banks of Europe, but are lower than similar services command in the principal member banks in the United States.
- WILSON, J. *The rise in value of the pound sterling.* Scottish Bankers Mag., Apr., 1922. Pp. 6. Has been due to a reduction in government paper currency and to

a feeling of confidence that this reduction will be carried further. Advocates the restoration of an unrestricted market for gold at the earliest moment possible.

WOODWORTH, L. D. *Twenty-five plans for increasing savings.* Journ. Am. Bankers Assoc., Apr., 1922. Pp. 3.

WRIGHT, A. K. *Current banking problems in relation to the state of trade.* Scottish Bankers Mag., Apr., 1922. Pp. 18. Amount and method of paying German reparations; the stabilization of currencies; the provision of loans to restore industrial activity in Europe; and the promotion of thrift among all peoples.

Bank acceptances in foreign trade. Commerce Mo., May, 1922. Pp. 2. The Federal Reserve Board has recently revised its regulation governing the rediscount by federal reserve banks of bank acceptances growing out of foreign trade. The chief change is the elimination of what practically amounted to a requirement that all accepted bills growing out of foreign trade must be documentary or secured in order to be eligible for rediscount. The new regulation gives the federal reserve banks greater discretion in determining the eligibility of any particular bill for rediscount or purchase.

Better banking under the federal reserve system. Stone & Webster Journ., May, 1922. Pp. 11. A review of the weaknesses existing in our banking system prior to the establishment of the federal reserve system, and a sketch of the improvements effected by the establishment of the reserve banks.

The development of agricultural credit in Italy during the war. Intern. Rev. Agri. Econ., Jan.-Feb., 1922. Pp. 25. A review of the measures adopted, with a description of pre-war agricultural credit organization.

The foreign exchanges. Edinburgh Rev., Jan., 1922.

Lönadskostnader under första kvartalet 1922. Soc. Medd., no. 5, 1922. Pp. 27. A tabulated, detailed study of the cost of living in different parts of Sweden during the period 1914-1922 with special details for the first quarter of the year 1922.

Le mouvement des prix et la diminution du coût de la vie. Journ. des. Econ., May 15, 1922. Pp. 7. Index numbers for prices and cost of living for 1920 and 1921, compared with 1914 as the base. Tables show a declining tendency for prices during 1921.

National banks and the business cycle. Commerce Mo., July, 1922. Pp. 5. A study of the relation between the trend in business during the past two years and the loans and discounts, demand deposits, and the borrowings of national banks. "The high point in the volume of loans, deposits and borrowings in each case came several months after the high point in the volume of general business. Deposits tended to fall off more rapidly than loans, and earlier indicated a tendency to increase. In general, liquidation in city banks began earlier and moved toward completion more rapidly than in country banks."

Progress of banking in Great Britain and Ireland during 1921. Bankers Mag., June, 1922. Pp. 13. The tendency toward amalgamation of banks through the ownership of share capital has become more pronounced than outright fusion, which was the most common method of amalgamation during previous years. 1921 was the first year which showed a decline in deposits as compared with the preceding year.

Proper functions of the federal reserve system. Bankers Mag., Apr., 1922. P. 1. The system should be truly a reserve system, the discount facilities to be drawn upon only in case of real need. Hence, its discount rate should be kept above the market rate.

Proposed legislation and agricultural credit. Commerce Mo., June, 1922. Pp. 5. Presents evidence collected by the Federal Reserve Board and by the Department of Agriculture, both showing that farmers were favored rather than discriminated

against during the period 1918-1920. Existing agencies supply fairly satisfactorily the needs for long-term (5 years) capital funds. But no agency exists to handle loans between, say, six months and two or three years.

Public Finance

(Abstracts by Charles P. Huse)

- BARRIOL, A. and BROCHU, I. *Emprunt du crédit national en 1922*. Journ. des Econ., Mar. 15, 1922. Pp. 5. Calculates the rates of return.
- BURNS, J. *Income tax changes*. Finan. Rev. Rev., June, 1922. Pp. 9. Among the changes in the British tax are the reduction in the rate of the ordinary tax and a more liberal method of determining the profits of farmers.
- COMSTOCK, A. *New financial policies of Russia*. Annalist, May 1, 1922. Pp. 1. Tells of concessions made to Western Europe.
- CONYNGTON, M. *Effect of the tax exemption ordinance in New York City on housing*. Mo. Labor Rev., Apr., 1922. Pp. 10. Gives a history of the law and an analysis of its results.
- COPPOLA D'ANNA, F. *Sul cosiddetto "valuta-dumping" e sui provvedimenti doganali contro i paesi a valuta deprezzata*. Riv. di Pol. Econ., no. 11-12, 1921. Pp. 16. Post-war tariff legislation aiming to cope with the collapse and fluctuations of exchange rates has been poorly contrived.
- COX, H. *Reluctance to receive*. Bankers Mag., May, 1922. Pp. 19. A discussion of the problem of the allied debts.
- CRAIG, C. L. *The finances of the city of New York*. Real Estate Mag. of N. Y., May, 1922. Pp. 10.
- DOANE, W. F. *Cole's "The Domestic and Foreign Wool Manufactures and the Tariff Problem."* Quart. Journ. Econ., May, 1922. Pp. 21. A review dealing with comparative labor costs, industrial technique and the tariff.
- EDMONDS, W. L. *How will Canada's preferential tariff work?* Annalist, June 5, 1922. P. 1. A brief description of the recent changes.
- FAIRCHILD, F. R. *German war finance—a review*. Am. Econ. Rev., June, 1922. Pp. 16.
- FERNAND-JACQ. *Le calcul de l'impôt général sur le revenu*. Monde Econ., Mar. 18, 1922. Pp. 4. Describes the method of determining the amount of the tax.
- VAN GIJN, A. *De Staatsfinancien na den Oorlog*. De Economist, May, 1922. Pp. 21. An account of Dutch state finances after the World War.
- HIGH, I. *New basis for taxation*. Nat. Real Estate Journ., Mar. 13, 1922. Pp. 32.
- JÈZE, G. *L'emprunt forcé*. Rev. de Sci. et de Lég. Finan., Jan.-Mar., 1922. Pp. 51. The theory and history of the forced loan.
- JORDAN, C. A. *The sales tax*. Bull. Nat. Tax Assoc., Mar., 1922. Pp. 3. Points out that the tax will bear more heavily on the poor than on the rich.
- KEIRSTEAD, W. C. *Succession duties in Canadian provinces*. Journ. Pol. Econ., Apr., 1922. Pp. 18. Canadian system shows British influence.
- LAW, W. W. *Law on bank tax*. Bull. Nat. Tax Assoc., Mar., 1922. Pp. 3. Gives a summary of arguments used in hearings on the McFadden bill, relative to a tax on national banks.
- LOCKHART, O. C. *Taxable interest on government obligations*. Bull. Nat. Tax Assoc., Apr., 1922. Pp. 2. The requirement for a statement of holdings by periods is very troublesome.

- MILLER, R. N. *Administration of the federal income tax*. Bull. Nat. Tax Assoc., Apr., 1922. Pp. 4. Would be improved by the payment of better salaries to officials and by the simplification of the law.
- NEYENS, A. *Les impôts dans le Grand-Duché de Luxembourg*. Rev. de Sci. et de Lég. Finan., Jan.-Mar., 1922. Pp. 34. Having survived the war with her industrial and agricultural equipment intact, Luxembourg hopes soon to place her finances on a sound basis.
- PEANO, L. *L'imposta sulla cifra degli affari*. Riv. di Pol. Econ., no. 11-12, 1921. Pp. 4.
- RIGHTOR, C. E. *Your tax dollar*. American City, Apr., 1922. Pp. 2.
- RINDLER, M. *Corporations under the new tax law*. Administration, Feb., 1922. Pp. 7. Small corporations will probably pay more and large corporations less.
- ROLNIK, M. *Amortization—often overlooked in tax returns*. Annalist, Apr. 3, 1922. P. 1. Discusses recent changes in the income tax law.
- ROPER, D. C. *Administrative problems in United States internal taxation*. So. Atlantic Quart., Apr., 1922. Pp. 12. Shows the need of simplicity and permanency in income tax legislation.
- STUTZ, J. G. *City tax rate bulletin for 1921*. Kansas Municipalities, Apr., 1922. Pp. 16.
- VAUGHAN, G. *The severance tax*. Bull. Nat. Tax Assoc., May, 1922. Pp. 8. Describes this unique tax on mineral output already adopted by several states.
- VINER, J. *Textbooks in government finance*. Journ. Pol. Econ., Apr., 1922. Pp. 16. A review of Plehn and Hunter leads to the conclusion that there is urgent need of the writing of textbooks.
- VIRGILII, F. *Il riordinamento del sistema tributario italiano*. Riv. di Pol. Econ., no. 11-12, 1921. Pp. 14.
- VIRTUE, G. O. *New phases of the classified property tax*. Bull. Nat. Tax Assoc., Apr., 1922. Pp. 3. Instead of having a uniform rate on intangibles throughout the state, Nebraska has adopted a method of doubtful expediency which fixes the rate at twenty-five per cent of the rate on tangible property in each district.
- WEBER, A. *Deutschlands finanzielle Leistungsfähigkeit jetzt und künftig*. Archiv f. Sozialwis. u. Sozialpolitik, May, 1922. Pp. 33. Germany can regain her financial standing if she is permitted to rebuild her shattered economic structure.
- WILLIAMS, W. M. J. *La perspective des finances nationales britanniques*. Journ. des Econ., Apr. 15, 1922. Pp. 11. In spite of economies, the loss of revenue from excess profits and sales of war material makes the prospect of tax reduction uncertain.
- The burden of real estate taxation in New York*. Bull. Nat. Tax Assoc., May, 1922. Pp. 6. The recent committee on taxation deplures in its report the rapid growth of the rates on real estate.
- Income tax statistics—report of New York income tax bureau*. Bull. Nat. Tax Assoc., Apr., 1922. Pp. 5. The low rates have contributed to the success of the New York tax.
- Japanese public finances*. Bankers Mag., Apr., 1922. Pp. 4.
- Statistics of foreign indebtedness*. Bankers Mag., Apr., 1922. Pp. 5. If Great Britain and France could collect their debts, the problem of paying the United States would be simplified.
- Wool and manufactures of. Schedule 11 of the Fordney-McCumber Tariff bill as reported by the Senate Committee on Finance*. Bull. Nat. Assoc. Wool Mfrs., Apr., 1922. Pp. 6.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- BELLINGER, C. *The development of accident and health insurance in the United States*. Econ. World, May 13, 1922. Pp. 4. Evolution of the policy with tendency to more liberal terms, but lack of standardization.
- BURBAU, C. *Beiträge zur Theorie und Praxis der Versicherung ausser der Lebensversicherung*. Zeitschr. f. d. ges. Vers.-Wis., Apr., 1922. Pp. 11. Use of mathematical formulas, etc., in accident, fire, etc., insurance.
- DONALD, W. J. *Insuring management*. Administration, Apr., 1922. Pp. 7. Various methods of using life policies to protect concerns from loss.
- FORGERON, L. *Le mécanisme technique et les charges éventuelles du projet d'assurances sociales*. Journ. des Econ., Mar. 15, 1922. Pp. 19. Detailed analysis of the bill.
- GARRISON, F. S. *Burglary, theft and robbery insurance*. Econ. World, Apr. 15, 22, 1922. Pp. 3, 4. Terms of the policies and recent experiences in the fields of residence, mercantile open stock, mercantile safe, bank, and messenger, paymaster, and office or store robbery.
- HUEBNER, S. S. *Marine insurance in its relation to the American merchant marine*. Econ. World, Mar. 25, 1922. Pp. 2. Undeveloped business in this country; organizations created to carry Shipping Board risks and do salvage work. Government insurance system would be unwise.
- . *The model marine insurance law recently enacted by Congress*. Econ. World, May 27, 1922. Pp. 4. The act of Congress of March 4, 1922, regulating marine insurance in the District of Columbia, was drafted in the hope of having it used as a model by the various states, much of whose legislation affects adversely the development of marine business. Terms of the act and reasons for provisions explained.
- KASKEL, W. *Entwicklungstendenzen der deutschen Sozialversicherung*. Zeitschr. f. d. ges. Vers.-Wis., Apr., 1922. Pp. 8. Original laws were straight insurance, having benefits proportioned to the contributions. Gradually state relief is supplanting insurance.
- KIRKPATRICK, A. L. *The development of public liability insurance rates for automobiles*. Proc. Cas. Act. Soc., Nov., 1921. Pp. 19. The National Workmen's Compensation Service Bureau has compiled the experience in this field. The present basis for rate making is the cost of the car, but conditions are changing so rapidly that improvements will probably be introduced shortly.
- LESLIE, W. *Distribution of surplus by casualty companies writing participating insurance*. Proc. Cas. Act. Soc., Nov., 1921. Pp. 23. Reviews existing dividend systems, principles underlying a sound basis of dividends; uses experience of the State Compensation Insurance Fund of California.
- MACLEOD, N. *Some observations on profits insurance*. Econ. World, Apr. 29, 1922. Pp. 3. Loss of profits due to fire. Methods of computing profits.
- MORTLEY, R. S. *Participating vs. non-participating life insurance in Canada during and since the war*. Econ. World, Apr. 1922. Pp. 2. Reprinted from *The Monetary Times*, Apr. 14, 1922. The war losses, coming at the same time as the much heavier influenza deaths, together with the increases in cost of doing business, have made it necessary to reduce dividends; probably reduction will continue until 1925.
- MOWERAY, A. H. *Classification of risks as the basis of insurance rate making with special reference to workmen's compensation insurance*. Proc. Cas. Act. Soc., Nov., 1921. Pp. 16. States five fundamentals of classification of risks and presents program for the study and review of the present manual.

- . *Competition and regulation of rates for casualty insurance*. Proc. Cas. Act. Soc., Nov., 1921. Pp. 9. The regulative powers of state officials enable them to insist on favorable terms for their localities. Proper standards are the remedy.
- PAGE, C. R. *Factors to be considered in rate making in marine insurance*. Econ. World, June 10, 1922. Pp. 4. Principal factor is management—its probity and efficiency. In cargo insurance factors include voyage, nature of cargo, human element, etc.
- RAMON, G. C. *The social insurance bill of the French government*. Intern. Lab. Rev., June, 1922. Pp. 21. Statement of its provisions, with comment.
- STAHL, J. M. *Why not insure farm crops?* Am. Rev. Rev., May, 1922. Pp. 3. Average annual crop damage during eleven years was \$2,620,000,000. The government has insured ships, also soldiers and sailors; it would be of much more value to the country to protect the farmers.
- STODDARD, F. R., JR. *An official explanation of the provisions of the recently enacted insurance rating law of New York*. Econ. World, June 17, 1922. Pp. 3. Explanation and interpretation, by the state superintendent of insurance, of act of April 13, 1922; forms chapter 660 of laws of 1922, amending section 141 and adding sections 141a and 141b to the insurance law.
- STUDENSKY, P. *Pensions in public employment*. Nat. Munic. Rev., Apr., 1922. Pp. 28. Report prepared for the Committee on Pensions of the National Municipal League. Begins by pointing out the defects of existing systems, especially the retirement system for federal employees. Urges that multiplicity of small funds be avoided and gives a classification of employees based on occupation. A pension fund should be based on statistical and actuarial investigation just as other systems of insurance are and an adequate reserve is essential. Such systems work best on the joint contributory principle. The benefits provided should be based primarily on age, with due consideration of salary and length of service. Separation from the service should mean refund of contributions with compound interest. The administration should provide for representation of the insured and have frequent actuarial valuations. Author gives description of sound systems now in operation. A convenient synopsis of the problem, especially useful for municipalities.
- TURNER, G. E. *The state of Ohio and workmen's compensation insurance*. Econ. World, Apr. 29, 1922. Pp. 4. The state fund of Ohio has not given better service than the private companies elsewhere.
- UNRAIN, A. M. *Reforma de la ley 9688, de accidentes de trabajo*. Boletín del Museo Soc. Argentino, Jan. 10, 1922. Pp. 12. Proposals for amending the law; wage limit is too low, agriculture, etc., should be included.
- VELAY, J. *Considérations nouvelles sur les pensions de guerre*. Journ. des Econ., Apr. 15, 1922. Pp. 7. To secure a reduction in the heavy expenditures for war pensions, author proposes that pensioners be given option of accepting smaller pensions at present, with higher pensions, actuarially equivalent at, say, age 55.
- WENDT, J. *Sterblichkeitstabellen der deutschen Volksversicherung*. Zeitschr. f. d. ges. Vers.-Wis., Apr., 1922. Pp. 14. Tables showing a leading industrial (instalment) company.
- WOODWARD, J. H. *Industrial retirement systems based on the money-purchase principle*. Proc. Cas. Act. Soc., Nov., 1921. Pp. 22. Retirement pension plans must be secure, equitable, and must be in the form of a contract. Author suggests that pension systems of industrial establishments be supervised by state authorities.
- Credit insurance*. Fed. Reserve Bull., June, 1922. Pp. 11. A study of the use of "credit insurance in the United States and the methods by which it is written."

Reinsurance as a necessary practice in modern fire insurance. Econ. World, Apr. 8, 1922. Pp. 8. Its nature and object, and its necessity in the practical conduct of the fire business.

Unemployment insurance. The bankers' special scheme. Journ. Inst. Bankers, May, 1922. Pp. 8. Details of the plan for organizing the banking industry for this insurance.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

BRONNER, A. E. *The apperceptive abilities of delinquents.* Journ. Delinquency, Jan., 1922. The author has made a study of the 1043 cases, of which 729 are repeated offenders. The evidence indicates that apperceptive ability is not closely correlated with intelligence. Nevertheless, there seem to be some direct relations to delinquency.

CLARK, W. W. *Home conditions and native intelligence.* Journ. Delinquency, Jan., 1922. The relationship between the two pictures is not clear. The author has evidence "to indicate a moderate tendency for degree of intelligence to be related to quality of the home." But there are other features the precise bearing of which has not been ascertained.

GOLDBLATT, M. E. *The history of juvenile court laws in New York state.* Journ. Delinquency, Jan., 1922. A brief account of the juvenile court laws passed in New York state—gives particular attention to the laws applying to different cities. It also contains suggestions for the future.

JOHNSON, F. R. *Public relief of unemployment.* Survey, Apr. 8, 1922. Pp. 2. This article is a brief account of the relief used in Detroit in 1921. An elaborate program was developed and trained social workers were used to carry it out. Many positions were secured and many jobs provided in exchange for relief. The writer is most hopeful about the work.

KOHS, S. C. *An ethical discrimination test.* Journ. Delinquency, Jan., 1922. The writer has developed a set of tests with which he hopes to "open up new fields of investigation in the realm of moral education as well as of responsibility. These tests are expected to have greater value as individual than as group tests.

Statistics

(Abstracts by Horace Secrist)

AUSTIN, O. P. *Use of statistical publications of the government in working out problems of commercial investigation.* Administration, Apr., 1922. Pp. 4. A useful list of statistical publications of the United States government, together with helpful critical comments.

AYRES, L. P. *The nature and status of business research.* Journ. Am. Stat. Assoc., March, 1922. Pp. 9. Holds that the job of the business statistician is to look into the future, and sets up his qualifications. Inasmuch as it is his function to furnish those in position of control with "a fact basis for their thinking and acting" his training must be broad, his acquaintanceship with statistical method sound, and his knowledge of economic principles comprehensive.

BERRIDGE, W. A. *Cycles of employment and unemployment in the United States.* Journ. Am. Stat. Assoc., March, 1922. Pp. 14. A contribution to statistical method in its application to social data. Makes use both of employment and unemployment data drawn from state and national sources in order to construct a continuous index; and not to estimate the volume of unemployment.

BIRKETT, M. S. *The British iron and steel industry.* Economica, June, 1922. Pp. 112. An historical review—tables. Concludes: "We are the only steel-producing country with suitable coal supplies on the coast to which foreign ore can be brought by sea and the product re-shipped."

- BIVINS, P. A. *Charting as an aid in stabilizing profits*. Indus. Manag., July, 1922. Pp. 9. Addressed primarily to commodity prices—the third of a series of interesting applications of graphics to business problems.
- BOWLEY, A. L. *British economic conditions: an index of British economic conditions, 1919-1922*. Rev. Econ. Stat., June, 1922 (supp. 2). Pp. 12. Prepared at the London School of Economics and Political Science. Communicated by Dr. Arthur L. Bowley, professor of statistics in the University of London.
- DAVIS, J. S. *Index numbers of foreign exchange*. Quart. Journ. of Econ., May, 1922. Pp. 7. A critical, and on the whole, an unfavorable account of the indexes of foreign exchange first published by certain foreign journals, and later elaborated by the Federal Reserve Board and printed in its *Bulletin*. "The objection to the elaboration of such index numbers is not alone to the waste of labor which they entail in preparation and in amateur efforts at interpretation, and to the discredit which they reflect upon useful statistical devices, but to the unsound reactions they imply or support."
- DENNISON, H. S. *Management and the business cycle*. Journ. Am. Stat. Assoc., Mar., 1922. Pp. 13. A stimulating statement of the way in which statistical data of prices, sales, stocks, etc., may be used to guide business through the different phases of the business cycle. "Management can make practical use of a study of cycles."
- FISHER, R. A. *On the interpretation of X^2 from contingency tables, and the calculation of P*. Journ. Royal Stat. Soc., Jan., 1922. Pp. 7.
- HANSEN, A. H. *The buying power of labor during the war*. Journ. Am. Stat. Assoc., Mar., 1922. Pp. 11. A discussion of the meaning of "buying power" and the method of measuring it. Concludes from his analysis that "the per capita buying power of the wage-earning class (in the United States) during the years 1916 to 1918 appears, then, to have been on the average 8.5 per cent above the normal per capita buying power of labor in pre-war days."
- HAWTREY, R. H. *The federal reserve system of the United States*. Journ. Royal Stat. Soc., Mar., 1922. Pp. 31. An historical résumé.
- MACROSTY, H. W. *Some current financial problems*. Journ. Royal Stat. Soc., Mar., 1922. Pp. 30. Primarily concerned with credit and currency problems.
- PENSON, J. H. *The Polish mark in 1921*. Econ. Journ., June, 1922. Pp. 7. A study of the depreciation of the mark. Course due to excessive issues of money with metallic backing and to violent outside political movements.
- PERRY, S. J. *On the relation between the course of wholesale prices of commodities and the market value of various classes of securities*. Journ. Inst. Actuaries, Mar., 1922. Pp. 22. An examination of the relation of wholesale prices (in England) to the market value of various types of securities in relation to the problem of investing insurance funds. Concludes: "There would, from the foregoing, appear to be a sound case for periodical revision of investment policy in accordance with any decided change that may occur in the course of commodity price levels. However, it must be admitted that any attempt exactly to forecast the future is fraught with danger."
- PEERSONS, W. M. and BERRIDGE, W. A. *British economic conditions: an index of conditions for 1903-14*. Rev. Econ. Stat., June, 1922 (supp. 2). Pp. 16.
- ROORBACH, G. B. *Europe and the development of American foreign trade*. The Annals, July, 1922. Pp. 8. A statistical study of the relation of European trade to the financial and business recovery of the United States and of Europe.
- RUSHER, E. A. *The statistics of industrial morbidity in Great Britain*. Journ. Royal Stat. Soc., Jan., 1922. Pp. 44. Urges extended use of data on occupational incidence and causes of morbidity, and insists that in order to measure scienti-

fically morbidity, standard tables of sickness are required. Out of mass experience, standards for industrial population of a country could be procured. Bibliography.

- WHITE, E. *Income fluctuation of a selected group of personal returns.* Journ. Am. Stat. Soc., Mar., 1922. Pp. 15. Use of returns from statistics of income to measure the dispersion of incomes of 1240 "persons," from 1914 to 1919, who reported in any of the years net income of \$300,000 and over.
- WINKLER, W. *Die statistischen Verhältniszahlen.* Zeitschr. f. Volkswirtsch. u. Sozialpolitik, 10-12 Heft, 1 Band. Pp. 24.
- YULE, G. U. *On the application of the X^2 method to association and contingency tables, with experimental illustrations.* Journ. Royal Stat. Soc., Jan., 1922. Pp. 10.
- Bollettino di statistica del comune di Roma.* L'Ufficio Munic. del Lavoro di Roma, Boll. Mens., Dec., 1921. Pp. 24. Current civil and economic statistics of Rome.
- The gold and silver situation.* Fed. Reserve Bull., June, 1922. Pp. 7. A statistical review of the situation in the principal countries of the world. Contains tables and charts.
- Methods of determining the cost of living.* Manag. Engg., April, 1922. Pp. 5. A review of the methods used by the United States Bureau of Labor Statistics, National Industrial Conference Board, American Rolling Mills, and Holt Manufacturing Company.
- Paving statistics for 1921.* Public Works, Feb. 18, 1922. Pp. 10.
- Rate of turnover of bank deposits.* Mo. Rev. of Credit and Business Conditions, 2nd Fed. Reserve Dist. (N. Y.), Apr., 1922. P. 1. A new index of business activity in the rapidity of turnover or velocity of bank deposits. Data for New York City, Albany, Buffalo, Rochester, Syracuse, Chicago, and San Francisco. Data and charts.
- A statistical abstract of ports of the South.* Gulf Ports Mag., Mar., 1922. Pp. 11.
- Statistics of the unemployed.* Intern. Lab. Rev., Feb., 1922. Pp. 7. A comparison for United States (Massachusetts) and the chief European countries. "In no case can an accurate statement be made as to whether unemployment is greater or less in one country or another, because the nature of the figures in each case is very diverse and the methods of compilation so different. At the very best the figures are only comparable in each country by itself over the period of years and months indicated."
- Wholesale prices of commodities in 1921.* Journ. Royal Stat. Soc., Mar., 1922. Pp. 22. The "Statist's" index numbers, in continuance of Mr. A. Sauerbeck's figures.

DOCUMENTS, REPORTS AND LEGISLATION

Industries and Commerce

The United States Tariff Commission has recently published:

The Foreign Trade of Japan, with Special Reference to Trade with the United States (Washington, 1922, pp. viii, 229; six charts; 25c). This monograph contains chapters relating to the development of Japan's foreign trade prior to the war, trade since 1913, trade by groups of commodities, and trade between the United States and Japan.

Colonial Tariff Policies (pp. 869).

The Federal Trade Commission has issued its report on *Canned Foods, 1918* (Washington, 1922, pp. 86). Court decisions of cases which involve questions brought before its jurisdiction are being published by the Commission; copies of these decisions are to be obtained by application to the Publication Section.

The Bureau of Foreign and Domestic Commerce has issued—
Miscellaneous Series:

No. 107, *The Import and Export Schedule of Belgium* (pp. 28).

No. 108, *Vegetable Oils and Oil Materials in International Commerce* (pp. 25).

No. 110, *Import and Export Schedules of Cuba* (pp. 19).

Special Agents Series:

No. 211, *Forest Resources, Lumber Industry and Lumber Export Trade of Norway*, by Axel H. Oxholm (pp. 136).

No. 213, *Electrical Goods in British India and Ceylon*, by R. A. Lundquist (pp. 121).

Trade Information Bulletins:

No. 9, *Cotton Textile Industry of Germany*, by Donald L. Breed (pp. 8).

No. 11, *The Steel-Making Facilities of Great Britain*, by H. B. Allin Smith (pp. 9).

No. 21, *Export Trade of the United States and Germany, Comparative Figures for 1913, 1920, and 1921*, by Joseph N. C. Reagan (pp. 17).

The report of the Committee of Finance on the tariff bill submitted by Senator McCumber has been printed as *Senate Report no. 595*, 67 Cong., 2 Sess. (pp. 20).

The Domestic Distribution Department of the Chamber of Commerce of the United States, Washington, is publishing cyclostyled sheets of charts and notes on retail and wholesale trade.

The Port of New York Authority has issued a supplementary *Report with Plans for the Comprehensive Development of the Port of New York* (Albany, 1921, pp. 56, with maps).

Notice has been received from the Census and Statistics Office of New Zealand that in lieu of the present *Annual Statistics of New Zealand*, appearing in four volumes, there will hereafter be published nine *Statistical Reports*, each containing in addition to the tables, a certain amount of introductory letter-press. A charge henceforth will be made for all publications.

Corporations

The Senate Committee on Interstate Commerce has printed *Extracts from Hearings on Railway Revenues and Expenses* (Washington, 1922, pp. 1597-1909). This contains the statements of Walker D. Hines, William G. McAdoo, J. F. Anderson, F. J. Manion, H. J. Chapman, Henry T. Hunt, J. J. Forester.

The Presidents' Conference Committee (737 Commercial Trust Bldg., Philadelphia) has printed a statement prepared by Frederick H. Lee, Secretary of the Developments, on *Federal Valuation of the Railroads in the United States as of May 12, 1922* (pp. 9).

The New York, New Haven and Hartford Railroad Company (New Haven, Conn.) under date of July 3, 1922, has issued a pamphlet dealing with the wage questions at issue.

From the United States Railroad Labor Board have been received Decisions:

- No. 982, *Railway Employes' Department, A. F. of L. (Federated Shop Crafts) vs. Indiana Harbor Belt Railroad Company* (Chicago, 1922, pp. 12).
- No. 1028, *Alabama & Vicksburg Railway Company et al. vs. United Brotherhood of Maintenance of Way Employes and Railway Shop Laborers et. al., Effective July 1, 1922* (pp. 45).
- No. 1036, *Alabama & Vicksburg Railway Company et al. vs. Railway Employes' Department, A. F. of L. (Federated Shop Crafts) et al., Effective July 1, 1922* (pp. 45).
- No. 1074, *Alabama & Vicksburg Railway Company et al. vs. Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employes et al., Effective July 1, 1922* (pp. 67).

The following public utility reports have been received:

Tenth Annual Report of the Public Utilities Commission of Connecticut (Hartford, 1922, pp. 795).

Eighth Annual Report of the Public Utilities Commission of Idaho, from July 1, 1920 to June 30, 1921 (Boise, 1921, pp. 250).

Report of the Public Service Commission of Maryland for the Year 1921 (Baltimore, 1922, p. 518).

Report of the Public Service Commission for the First District of the State of New York for the Year Ending December 31, 1918. Vol. II, Statistics of Public Service Corporations (New York, pp. 979).

Labor

The federal Bureau of Labor Statistics has issued:

- No. 290, *Decisions of Courts and Opinions Affecting Labor, 1919-1920*, by Lindley D. Clark and Martin C. Frincke, Jr. (Washington, pp. 477).
- No. 298, *The Problem of Dust Phthisis in the Granite-Stone Industry*, by Frederick L. Hoffman (pp. 178).

- No. 297, *Wages and Hours of Labor in the Petroleum Industry, 1920* (pp. 153).
- No. 301, *Comparison of Workmen's Compensation Insurance and Administration*, by Carl Hookstadt (pp. 194).
- No. 308, *Use of Federal Power in Settlement of Railway Labor Disputes*, by Clyde Olin Fisher (pp. 121). Gives an historical survey of the law of 1888, Pullman strike of 1894, the Erdman and Newlands acts, the Adamson law, and the Transportation act of 1920.

The Children's Bureau of the United States Department of Labor has published:

- No. 98, *Child Labor and the Work of Mothers in Oyster and Shrimp Canning Communities on the Gulf Coast*, by Viola I. Paradise (pp. 114).
- No. 102, *Children of Wage-Earning Mothers, a Study of a Selected Group in Chicago*, by Helen Russell Wright (pp. 92).

The Women's Bureau of the United States Department of Labor has issued bulletin no. 21, *Women in Rhode Island Industries, a Study of Hours, Wages, and Working Conditions* (pp. 73).

Among state reports dealing with labor are to be noted:

Fourth Annual Report of the Minimum Wage Board of the District of Columbia, for the Year Ending December 31, 1921 (Washington, 1922, pp. 46).

Eleventh Biennial Report of the Department of Commissioner of Labor and Industrial Statistics of the State of Louisiana, 1921-1922 (New Orleans, 1922, pp. 193).

Annual Report of the Department of Labor and Industries of Massachusetts for 1921 (Boston, 1922, pp. 108).

Twenty-eighth Annual Report of Factory Inspection for Rhode Island (Providence, 1922, p. 79).

Money, Prices, Credit, and Banking

The United States Department of Labor announces that a complete revision has been made of its series of index numbers showing changes in the level of wholesale prices. This revision consists in (1) a regrouping of the commodities and the addition of a considerable number of ordinary articles; (2) the use of the 1919 census data for weighting purposes in place of the 1909 census data formerly employed. The Bureau of Labor Statistics has issued cyclostyled sheets showing revised index numbers.

Better Banking under the Federal Reserve System is a fourteen page pamphlet distributed at a nominal price by all federal reserve member banks, which should be found useful in connection with elementary courses in economics. In simple language the essential features of banking under the federal reserve system are described. The services banks render their customers; the aid the twelve federal reserve banks extend to their member banks and to each other; the functions of the Federal Reserve Board; the reasons why we formerly had money panics and why we need fear them no

longer; and other vital elements of the American banking business are described and illustrated with admirable clearness. Teachers who appreciate the value of supplementary material for their classes will find this pamphlet particularly well adapted, in its limited field, to such use.

The First Joint Stock Land Bank of New York has issued in pamphlet form *Bankers Endorse Joint Stock Land Banks*, a reprint from *United States Investor*, June 10, 1922; and a pamphlet showing how borrowing is made easy and profitable for the land owner (New York, 61 Broadway).

The July number of *Commerce Monthly* published by the National Bank of Commerce in New York, contains some interesting tables prepared by Mr. O. C. Lockhart, tracing the movement of banking figures during the recent crisis. These figures are assembled for country banks by geographical districts. The conclusion is that the generalizations made by Professor Mitchell in his book on *Business Cycles* that "the changes experienced or initiated by banks are less prompt and less considerable in the country than in the urban centers" are justified by the crisis of 1920.

The London Joint City and Midland Bank, Ltd. (5 Threadneedle St., London, E. C. 2) publishes a *Monthly Review* which contains valuable data in regard to banking and trade movements.

There has recently been established the publication of *Buletinul Institutului Economic Românesc*, under the editorship of Dr. Gheron Netta (Banca Nationala a Romanici, Bucuresti).

Among state reports dealing with banking are the following:

Third Annual Report of the State Bank Commissioner of Delaware, 1921 (Dover, pp. 80).

Banking Law in the State of Illinois (Springfield, 1921, pp. 14).

Annual Report of the Superintendent of Banks Relative to Savings Banks, Trust Companies, Investment Companies, Safe Deposit Companies, Personal Loan Companies and Personal Loan Brokers, for 1920 (Albany, 1921, pp. 771).

Report of the Bank Commissioner of Vermont, 1921 (Montpelier, pp. 255).

Public Finance

Report of the [New York] Special Joint Committee on Taxation and Retrenchment, Submitted March 1, 1922. Legislative Document (1922) no. 72 (Albany, pp. 383).

Originally appointed in 1919, this committee has, with the aid of Professor R. M. Haig and a dozen other well-known economists and tax-lawyers, prepared an excellent report on the revenue system of New York state. It is in two parts, of which the first is a critical survey, with recommendations for changes both in the kinds of taxes and the methods of assessment and collection, while the second part is a statistical investigation of the tax burden on corporations of various sorts.

As a result of their investigation, the committee concludes that public utilities, except steam railways, and most kinds of financial institutions have

been paying in taxes a larger proportion of their net income than has been required of business corporations; and that the distribution of the burden has been very unequal even within each separate class of corporations. Small financial institutions seem to have been more heavily taxed than larger ones, and electric railways more heavily than other public utilities.

To remedy these inequalities, as well as to simplify and make more productive the whole tax system, the committee makes sixteen recommendations for immediate action, besides others not so urgent. The object they have in mind is to tax real estate for local purposes only; and to derive the state's revenue from taxes on the net income of individuals, supplemented by business taxes also imposed on net income except in the case of public utilities, where gross earnings are to be the principal basis for the sake of simplicity and steadiness of yield. Of course the inheritance tax is to be retained, and other special taxes such as those on automobiles and stock transfers. Part of the proceeds of the state-collected taxes is to be apportioned to the localities to replace their present sources of revenue (special franchises and personal property). A constitutional amendment is proposed for the purpose of establishing larger tax districts and centrally supervised assessments. The collection of school taxes levied on the property of public utilities is to be centralized.

The committee recommends several changes in the personal income tax law, such as allowing net losses to be set off in subsequent years, and proposes that a minimum tax of perhaps one dollar should be collected from every citizen as a prerequisite for voting or employment. They do not favor the recent federal charges with regard to capital gains, personal exemptions, appreciation in the value of gifts, and exchanges of property other than for cash. The business tax on net incomes is to be imposed on unincorporated businesses as well as on corporations, although the corporations pay at a higher rate. Banks also should be subjected to this tax if the federal statute is changed to permit this; otherwise it will be necessary to reimpose a property tax on all moneyed capital at a uniform rate—a horrid prospect! Even in the case of public utilities, net income is to be considered in fixing the rates.

It is proposed to adopt the Uniform Vehicle Tax law, and in addition put a tax of one cent per gallon on gasoline. Such a tax is now imposed in fourteen states.

Although the word "retrenchment" occurs in the committee's title, the only suggestions along that line are for economy in the collection of franchise and inheritance taxes. A thorough study is recommended of local revenues and expenditures, as it is thought that the chief saving can be effected there rather than in the state budget.

There is a useful digest of laws of various states relating to methods of taxing public utilities, and much other information of value to non-residents of New York. Citizens of that state will be fortunate if the committee's recommendations are speedily enacted.

RUFUS S. TUCKER.

NOTES

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since the first of May:

Amos., H. N., 98, The Terrace, Wellington, New Zealand.
Ball, L. C., Oregon Agricultural College, Corvallis, Ore.
Beckhart, B. H., 526 West 122d St., New York City.
Burgess, G. S., Claremont, Calif.
Butt, W. E., 110 West Nittany Ave., State College, Pa.
Chapman, H. H., University, Ala.
Condit, K., Tenth Ave. at 36th St., New York City.
Cooper, F. S., Box 56, Rome, Ga.
Cutler, F. M., University of Porto Rico, Rio Piedras, P. R.
Dailey, D. M., 822 Foster St., Evanston, Ill.
Davison, E., Ohio State University, Columbus, O.
Epley, J. F., Silver City, New Mexico.
Horning, F. J., Dominion Bureau of Statistics, Ottawa, Ont., Canada.
Liming, M. D., 177 Milk St., Boston, Mass.
Loonie, T. J., Holley, N. Y.
McCort, W., Anson, Kans.
McGoldrick, J., 1058 Lafayette Ave., Brooklyn, N. Y.
McGuire, C. E., 1520 H St., Washington, D. C.
Oda, J. K., 1749 Sutter St., San Francisco, Calif.
Rai, A., The Tilak School of Politics, Lahore, India.
Rankin, R. G., 61 Broadway, New York City.
Reed, E. G., 19 South Liberty St., Elgin, Ill.
Richardson, I. G., Atlas Portland Cement Co., 25 Broadway, New York City.
Rist, C., 18 Rue du Parc le Clagny, Versailles, France.
Taylor, O. H., 975 University Ave., Boulder, Colo.
Turnbull, T., Jr., 835 Western Ave., Pittsburgh, Pa.
Wallace, W., Linfield P. O., Alberta, Canada.
White, W. L., 860 Twelfth St., Boulder, Colo.

At a special meeting of the American Statistical Association held in New York City, June 16, discussion was devoted to the subject, "Some Problems of Business Research." Among those taking part were Joseph E. Pogue, "Statistics as an Aid to Management"; Raymond B. Prescott, "A Method of Forecasting Demand"; Walter N. Polakov, "Statistical Aids to Production"; Carl Snyder, "Business Forecasting."

Announcement has been made of the nineteenth competition for the Hart Schaffner & Marx prizes, to be awarded in 1923. Information may be obtained from Professor J. Laurence Laughlin, University of Chicago.

Brown University announces the organization, in coöperation with the Providence Chamber of Commerce, of Brown Bureau of Business Research, with Professor H. B. Gardner as a vice-chairman and Professor Ralph E. Badger as secretary-treasurer.

The College of Agriculture of the University of California announces courses for the training of men for coöperative organization work.

The Babson Statistical Organization, at Wellesley Hills, Mass., is undertaking an investigation of the "path of business depression" and the "path of business prosperity." This organization is also engaged in a study of the proper location of distribution centers, including sales offices and warehouses for different lines of merchandise. Among other activities is a survey of the motion picture industry, conducted by the Babson Statistical Organ-

ization in conjunction with Columbia University and Motion Picture News. Over 13,000 questionnaires have been sent out. The staff of this organization is also planning an extensive price study of agricultural products in an attempt to ascertain the prospective increase or decrease in the purchasing power of agricultural sections during the coming fiscal year. Constructive suggestions in regard to these various investigations will be welcome.

The organization of the New England Research Council to encourage and coordinate research work in problems of marketing and the food supply was completed on July 29 at Massachusetts Agricultural College. Kenyon L. Butterfield, president of Massachusetts Agricultural College was chosen president of the council, and Laurence Bevan, secretary of the committee on agriculture of the Boston Chamber of Commerce was chosen recording secretary. Colleges and universities, state departments of agriculture, the United States Department of Agriculture and other organizations actively engaged in prosecuting studies in marketing or the food supply are eligible to membership. The Bureau of Agricultural Economics of the United States Department of Agriculture will provide a high-grade investigator as executive secretary, who will have headquarters in Boston and will become a sort of clearing house for the cooperating agencies. This executive secretary will be the representative of the United States Department of Agriculture on the council. Probably the first problem to engage the attention of the council will be a study of the food supply of Boston. The basis of this study is a comprehensive outline prepared under the direction of Dr. Alexander E. Cance by the department of agricultural economics of Massachusetts Agricultural College. It is expected that Dr. R. J. McFall, extension professor of agricultural economics, will begin active work on this study very soon. The Massachusetts state director of markets, W. A. Munson, in cooperation with Harvard University and the United States Department of Agriculture, has already conducted some preliminary studies on the Boston market.

This summer the economics department of the University of Wisconsin conducted an Industrial Relations Conference in charge of Professor John R. Commons and his staff, assisted by the Industrial Commission of Wisconsin. Among the subjects considered were the Origin and Development of the Industrial Commission, Accident Compensation, Industrial Rehabilitation, Accident Prevention, Child Labor Laws, Apprenticeship Laws, Employment work of the Public Employment Offices, and Mediation in Labor Disputes.

The Kingsley Trust Association has recently given to Yale University a large library known as the William H. Brown collection. This comprises between 20,000 and 25,000 pamphlets, consisting of railroad, public utility and industrial corporation mortgages, leases, reorganization plans and agreements, protective committee deposit agreements, subscription agreements, annual reports, etc. These pamphlets were collected by William H. Brown over a period of thirty years.

The Russell Sage Foundation is engaged upon a comprehensive regional plan of New York and its environs. Printed and cyclostyled material in

regard to this study may be obtained upon application to Mr. Flavel Shurtleff, assistant secretary to the committee.

The Williams and Wilkins Company, Baltimore, is beginning on behalf of the Personnel Research Federation the publication of the *Journal of Personnel Research*, of which the first issue appeared in May, 1922. Among the articles in the first number are "Reasons for Personnel Research," by President Angell, of Yale University; "Development of Personnel Research," by Alfred D. Flinn; "Basic Experiments in Vocational Guidance," by C. S. Yoakum.

Beginning with January of this year there appeared the *Economic Bulletin of Cuba*, published monthly at Havana (61 Obrapia Street; price, \$4.00 per annum).

London Municipal Notes has been merged with *The Ratepayer*, "the journal of the ratepayers', municipal, and kindred associations whose object is economy in local government" (Palace Chambers, Bridge Street, Westminster, S. W. 1).

Administration for May, 1922, has an article entitled "Executive Training and the Engineering School," by John S. Keir, of the Carnegie Institute of Technology.

The *Journal of Political Economy*, April, 1922, contains a memorial address on the late Professor Henry Carter Adams, presented to the Senate of the University of Michigan by S. Lawrence Bigelow, I. Leo Sharfman, and R. M. Wenley. There is appended a bibliography of Professor Adams' writings.

The National Association of Cost Accountants (130 West 42nd Street, New York City) has cyclostyled sheets showing the list of its publications which are now available.

The Williams and Wilkins Company, of Baltimore, proposes, if sufficient support is forthcoming, to publish the proceedings of the second International Congress of Eugenics. The titles of the proposed volumes are: I, *Eugenics, Genetics, and the Family*; II, *Eugenics in Race and State*. It is estimated that \$10,000 will be needed to finance the undertaking. Those interested in the publication are invited to communicate with the publishers.

D. Appleton and Company announces, among the new books to be published for the Institute for Government Research, volumes on the United States Tariff Commission, the Federal Trade Commission, the Employees Compensation Commission, and the Federal Board for Vocational Education.

The Institute for Research in Land Economics at the University of Wisconsin, of which Dr. Richard T. Ely is director, is planning a number of publications, one of which is a three volume work in the land economics series. The titles of the volumes are: I, *Character and Classification of Land*; II, *Costs and Income in Land Utilization*; III, *Land Policies*. These volumes are bound in mimeograph form so that they can be used this coming year. The Institute already has prepared a volume entitled *Land Economics*.

The University of Chicago Press announces the early publication of *The Technique of Business Communication*, by Nathaniel W. Barnes; *Commercial Banking Policies*, by Harold G. Moulton; *Managerial Accounting*, by J. O. McKinsey; *The Manager's Administration of Finance*, by C. O. Hardy and S. P. Meech; *The Manager's Administration of Risk and Risk-Bearing*, by C. O. Hardy; *The Manager's Administration of the Market*, by N. W. Barnes, L. S. Lyon and L. C. Sorrell; *The Worker in Modern Economic Society*, by P. H. Douglas, C. N. Hitchcock and W. E. Atkins; and *Education for Business*, by Leverett S. Lyon.

The Bankers Publishing Company of New York announces the early publication of the reminiscences of Thomas P. Kane, deputy comptroller of the currency, who has been for forty years in the service of that bureau.

The United States Department of Commerce has published in pamphlet form a new edition of the *List of Publications of the Department Available for Distribution*.

Harcourt, Brace, and Company announces the preparation of volumes on *The Distribution of Wealth*, by G. F. Shove, Kings College, Cambridge; *Public Finance*, by M. C. Robinson, Manchester University; *The Control of Industry*, by Barbara Wootton, Girton College, Cambridge; and *Population*, by Harold Wright, Pembroke College, Cambridge. These volumes are under the general editorship of John Maynard Keynes.

The Chicago, Rock Island, and St. Paul Railroad is preparing a history of that road in connection with the celebration of the seventieth anniversary of the operation of the first train west from Chicago, in October, 1852.

Appointments and Resignations

Mr. Juan R. Acevedo comes this fall to Boston University, College of Business Administration, as an assistant in foreign trade and secretary to the economics department.

Mr. Adolph H. Armbruster, of Price, Waterhouse Company, has been made assistant professor of accounting at Yale University.

Dr. Abraham Berglund, special expert of the United States Tariff Commission, has accepted an appointment as associate professor of commerce and business administration at the University of Virginia.

Dr. William A. Berridge has been appointed assistant professor of economics at Brown University, and will teach statistics and insurance.

Dr. F. Stuart Chapin, professor of economics and sociology at Smith College and formerly director of the Smith College Training School for Social Work, has resigned to accept an appointment as professor of sociology, chairman of the department, and director of the training course for social and civic work at the University of Minnesota.

Professor John Maurice Clark, of the University of Chicago, has been promoted from the rank of associate professor to a full professorship.

Dr. Harry T. Collings, of the University of Pennsylvania, spent the summer in Mexico doing work for the Department of Commerce.

Professor H. W. Cordell has been made head of the department of history and economics in the State College of Washington.

Mr. Arthur C. Coons, of the University of Pennsylvania, has resigned his instructorship to return to his home in California.

Mr. Walter J. Couper comes to Yale University as instructor in political economy.

Mr. Thomas S. Craig has been appointed instructor in economics at the Massachusetts Institute of Technology.

Mr. Morgan Cushing, instructor in finance at the University of Philadelphia, has resigned in order to teach economics at Bowdoin College.

Professor Clive Day, of Yale University, is taking a year's leave of absence and expects to spend most of it in travel in Europe.

Dr. Samuel H. De Vault, recently employed by the Bureau of the Census as an expert special agent, has been chosen assistant professor of agricultural economics at the Agricultural College of Maryland.

Professor Arthur Stone Dewing, formerly assistant professor, has been given the rank of associate professor of finance at the Graduate School of Business Administration, Harvard University.

Dr. Z. C. Dickinson, of the University of Minnesota, gave courses in economics in the summer school at the University of Pennsylvania.

Mr. E. F. Dummeier has been raised to the rank of assistant professor of economics at Washington State College.

Mr. C. R. Fay, fellow of Christ's College, Cambridge, has been appointed professor of economic history in the University of Toronto.

Mr. H. M. Fletcher, instructor at Princeton University during the past year, will be a graduate student in Stanford University this year.

Mr. Joseph K. Folsom has been appointed assistant professor of economics at Dartmouth College.

Mr. L. E. Garwood, of Coe College, has been appointed lecturer in political economy at the University of Chicago.

Professor A. P. Haake, of the University of Wisconsin, will begin his work as professor of economics in Rutgers College this month.

Professor C. O. Hardy has resigned his position at the University of Chicago in order to accept a professorship in the School of Commerce and Administration of the University of Iowa.

Mr. S. E. Harris, instructor during the past year at Princeton University, is joining the tutorial staff at Harvard University.

Mr. Albert J. Hettinger, Jr., instructor in the Graduate School of Business Administration, Harvard University, has been promoted to the rank of assistant professor of statistics.

Mr. Frank N. Houghton has been appointed instructor in economics at the Massachusetts Institute of Technology.

Dr. M. H. Hunter has been promoted from assistant professor to associate professor of economics at the University of Illinois.

Mr. Olin Ingraham has been appointed instructor in economics at the Massachusetts Institute of Technology.

Mr. W. D. Jordan has been made instructor in political economy at Yale University.

Professor F. H. Knight, of the University of Iowa, has been raised from the rank of associate professor of economics to a full professorship.

Mr. V. W. Lanfear, formerly adjunct professor at the University of Texas, has been appointed assistant professor of political economy at Yale University.

Mr. Chester F. Lay, instructor in the School of Commerce and Administration of the University of Chicago, has accepted an appointment to a professorship at Robert College, Constantinople, where he will have charge of the courses in business administration.

Mr. Ray V. Leffler returns to Dartmouth College as assistant professor of economics, after a year spent in teaching at Yale University.

Mr. D. P. Locklin, of Harvard University, has been made instructor in economics at the University of Illinois.

Professor H. L. Lutz, of Oberlin College, served as special adviser to the committee on tax revision of the state of Washington during the early summer, and gave courses at Stanford University during the summer quarter.

Mr. John E. McDonough has been appointed instructor in political economy at Yale University.

Professor J. G. McKay has left the University of Wisconsin to begin work as director of highway economics, Bureau of Public Roads, Department of Agriculture.

Dr. George B. Mangold, of the Missouri School of Social Economy, has been lecturing on problems of child welfare and constructive social work at the University of California during the summer session.

Professor H. H. Maynard, of Washington State College, gave courses in economics at the summer session of the State University of Iowa.

Dr. E. J. Miller has been appointed instructor in the department of economics at the University of Illinois.

Mr. Waldo F. Mitchell, of the University of Chicago, has been made head of the newly established department of economics and business administration at Evansville College, Evansville, Indiana, with the rank of professor.

Mr. John Morris, of the University of Pennsylvania, has resigned his instructorship in economics to accept one in merchandising.

Dr. William A. Morris has been promoted from the rank of associate professor to that of professor of English history in the University of California.

Professor H. G. Moulton, of the University of Chicago, has resigned to accept an appointment as director of the Institute of Economics, founded by the Carnegie Corporation. He will assume his duties in Washington, D. C., in September.

Dr. M. N. Nelson has resigned his instructorship in marketing at the University of Minnesota in order to accept a position as instructor in economics at the University of Illinois.

Professor Leo D. O'Neil, director of the Havana Branch of Boston University, College of Business Administration, is returning to Boston as head of the department of foreign trade.

Dr. Thomas Walker Page, former chairman of the United States Tariff Commission, and until recently head of the department of economics of the University of Virginia, has resigned from the University of Virginia to join the staff of the Institute of Economics at Washington, D. C.

Dr. E. M. Patterson was selected by the American Academy of Political and Social Science to make a study of the Genoa Conference and European conditions. He obtained leave of absence from his work at the University of Pennsylvania and sailed for Europe in April, returning the first of September.

Dr. Howard Patterson, of the University of Pennsylvania, has been promoted from instructor to assistant professor of economics.

Dean C. A. Phillips, of the college of Commerce of the State University of Iowa, gave courses at the summer session of Columbia University.

Dr. H. H. Preston has been raised to the rank of full professor in the College of Business Administration at the University of Washington, Seattle.

Professor E. A. Ross, of the University of Wisconsin, returns in September from Mexico where he has been spending the summer making a study of the country and the people.

Mr. William A. Schoenfeld has been appointed agricultural economist in the Federal Bureau of Agricultural Economics. He will have supervision of the research work in marketing, correlating the activities of the various divisions.

Dr. Karl W. H. Scholz, of the University of Pennsylvania, spent the summer in Germany studying German taxation.

Mr. Merrill E. Shoup has been made instructor in the department of economics at Brown University, and will teach in the field of industrial relations.

Dr. Earl R. Sikes has been appointed assistant professor of economics at Dartmouth College.

Dr. Norman J. Silberling, formerly a member of the economics staff in Dartmouth College, has been appointed associate professor of economics in the University of California.

Dr. Mark Smith, special expert of the United States Tariff Commission, has resigned from the commission to join the staff of the Institute of Economics at Washington, D. C.

Professor W. H. Spencer, of the University of Chicago, has been raised to the rank of associate professor.

Professor Charles Strong will return to the department of economics of

Boston University, College of Business Administration, carrying work in marketing and commercial resources.

Professor Harry R. Tosdal, of the Graduate School of Business Administration, Harvard University, has been promoted from assistant professor to professor of marketing.

Mr. J. B. Trant, of Howard College, Birmingham, Ala., has been appointed instructor in economics at the University of Illinois.

Dr. Donald S. Tucker, of the Massachusetts Institute of Technology, has been promoted from the rank of assistant professor to that of associate professor of economics.

Professor Abbott Payson Usher, who for the past two years has had charge of the work in industrial history at the College of Business Administration of Boston University, has accepted an appointment in his field with Harvard University.

Dr. Kossuth M. Williamson, of Wesleyan University, has been promoted from the rank of associate professor of economics to a full professorship.

Dr. Joseph Willits, of the University of Pennsylvania, has been teaching during the summer at the University of California.

Dr. Philip G. Wright, special expert of the United States Tariff Commission, has resigned from the commission to join the staff of the Institute of Economics at Washington, D. C.

Mr. W. E. Zeuch, who has been in charge of research work on the business cycle at the University of Wisconsin during the past year, has accepted a position as instructor in economics at the University of Illinois.

Mr. E. H. Downey was drowned on July 9, 1922. Mr. Downey received his doctorate degree at the University of Wisconsin and has since been active in the field of workmen's insurance. At the time of his death he was actuary for the Pennsylvania Compensation Bureau.

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THE ECONOMIC PHILOSOPHY OF CO-OPERATION

I

Taken by and large coöperators are long on practice and short on theory. The contrast is marked as against such inveterate theorists as the socialist and the single taxer. These latter are well drilled in the reasons for the faith that is in them, albeit they have been able to produce but scanty actual achievements against the organized opposition of constituted government. On the other hand, any small group of persons may enter on business ventures after the coöperative pattern long before they are in a position to answer the higher catechism of coöperative doctrine. Driven to action as they feel themselves to be by the pressure of surrounding circumstances, they accept coöperation as a mystic formula destined to usher in the economic millennium, without in any real sense attaining an understanding of its purposes and methods. Likewise, misunderstanding or misrepresentation of the real nature of the coöperative form of economic organization has caused many persons outside the movement to view it with quite needless alarm as the creator of monopoly and the breeder of a harmful class-consciousness. A better common understanding of the several distinctive features of the coöperative form of organization is indispensable if legislative proposals are to be correctly appraised and the various features of organization and practice wisely regulated. The coöperative movement is putting laws on our statute books and giving rise to cases in our law courts. It is presenting problems to the accountant and calling for rulings by income tax officials. It is entering into business relations with other commercial organizations; it is soliciting members and patrons, and seeking persons or institutions to finance its operations. These relationships are being made awkward, uncertain, and often disastrous because of a general failure to grasp the principles upon which coöperative organization proceeds.

The movement grew up out of the circumstances of the Industrial Revolution and was a reaction against the early abuses or, at least, rigors of the capitalistic industrial system. Ground between the upper and nether millstones of low wages and what by comparison were high prices, the factory hands of Britain, seeking any and every path of escape, finally found what seemed a practicable measure of relief in the

establishing of non-profit stores upon a model perfected by twenty-eight weavers—the now famous Rochdale pioneers. Three “fundamentals” are generally held to have constituted the theoretical basis of their practical success:

1. Increased efficiency or reduced costs of service: no credit, no solicitation, and gratuitous or nominally paid service by members.

2. Popular distribution of savings or profits: minimum interest paid to invested capital, any surplus to go as patronage and wage dividends.

3. Democratic control, each member voting as an individual.

In spite of some interaction among them, these three premises represent three salient points of economic theory actuating the coöperative movement as something distinct among forms of economic organization. They register a threefold protest against the costs and wastes of the competitive selling system, against capital as the residual claimant of profits, and against the identification of economic control with stock ownership and the accompanying tendency toward concentration and autocracy.

However incomplete or confused may have been the thought of the Rochdale weavers on these three points or of any other subsequent group of coöperators unversed in the lore of economics, the continued adherence of the older bodies and the constant accession of new converts seem to argue that there is in this coöperative philosophy something which must be reckoned with as a factor in the future evolution of our economic life. Let us examine the matter from each of its three aspects in turn.

II

The first of the coöperator's three tenets, stated in its broadest terms, is that coöperative business is more economical and efficient than what he is pleased sometimes to call “private” business and sometimes “competitive” business. Several points of attack present themselves here. Like the humble beginners of Rochdale with their plain little store in Toad Lane, most coöperative enterprises dispense with enticing display and frequently use the volunteer help of their members to a greater or less extent. The cash payment plan is much favored not alone because it simplifies the management and accounting system and cuts down interest as an operating expense, but also because, from the standpoint of the buyer, it protects him against the temptation to spend more than he should.

It is evident that, in so far as all this represents a curtailment of actual service, there is no increase of operative efficiency, however much prices may be lowered thereby. But if it provides the consumer a means of escape from the necessity of buying, along with every article

which he purchases, certain appurtenant services which he is willing or even anxious to forego, but which have been inseparably attached to it by the prevailing system of competitive shop-keeping (and which in the end he must pay for), then the inauguration of the new system does mark a real step in individual and social efficiency. To be sure, if clerks' and bookkeepers' labor be rendered gratis, this is either charity work or by-employment for the consumer through which he is enabled to apply his labor in part payment for his food and clothing. Frequently this feature of amateur service is found ineffective and is abandoned.

But back of these details, which may seem petty, lies a more significant matter, namely, an attack on the real wastes of competition. In so far as the coöperative store represents the voluntary assembling of orders by the consuming group or the guidance of the process of market distribution and, back of that, of production itself according to the needs of the consumer, it proposes a quite distinctive and vigorous attack on the problem of economic efficiency and social economy. It enunciates the principle that business activity should be a means and not an end. It brings to tangible expression the growing feeling that our modern society is organized too exclusively in the interest of the exploitative tradesman and the not less exploitative manufacturer. The coöperative consumer suggests that entrepreneurship has rather gone to seed. Says he: "The trade of all these stores is nothing more than the assembling of goods to satisfy my wants. I am the only well-informed judge of these wants and am the most natural and effective agent for bringing them to expression as the effective demand of the market. If I pay not only for the goods but also the expenses of a horde of retainers for all the the purveyors of these goods fighting to see who shall have the privilege of serving me, I must necessarily have less to eat and wear in exchange for the money I spend. Why this duplication of brands so indistinguishable from one another as far as their essential qualities are concerned? Why these traveling salesmen spending money like water to keep one another from supplying my wants? Why these acres of expensive advertising matter to wean me from a good and satisfying breakfast food to one no better nor more satisfying, but possibly a little more gaily (and expensively) caparisoned for its journey to my kitchen? Why these redundant merchants and half-idle clerks nominally in my service?"

Nor is all this some strange brand of economic heresy. The more thoughtful of the progressive group of modern economists have noted the same phenomena and have deplored "the backward art of spend-

ing money",¹ or have speculated on "the consumer's ability to defend himself."

"Salesmanship" so called has become our god; and "to sell," a cant phrase connoting ensnarement of the public in any connection from religion to bathroom fixtures. "Buymanship," not as yet so called, is a natural reaction, and coöperation is one of its manifestations. The pooling, standardization, and rationalization of wants as the first step toward their more economical satisfaction may be done through a retail store to a limited extent; through a federation of such stores and the development of their own jobbing and wholesale agencies, much further. The movement in Great Britain and to some extent on the Continent has passed beyond this stage, and even the costs of competition between rival manufacturers have been eliminated by establishing consumer-controlled manufacturing plants. In addition to the fact that purveyance according to this pattern relieves industry of the cost of finding, stimulating, or proselyting a market outlet, organization on this scale also brings to the service of the consumer the economies of business integration. This can be and is done under private auspices also, but the ardent coöperator believes that the coöperative plan will achieve this more fully than can be done otherwise and, still more important, that such benefits as do accrue will go as price reductions to the consumer and not as monopoly or efficiency profits to the trust or consolidating agency, whatever it be. This raises some far-reaching questions both of the theory of wealth distribution and of economic control which, however, must be deferred for the moment.

But before leaving this phase of the matter we should notice that the argument that coöperative organization provides better economic service at lower cost is adduced by producers as well as by consumers. Says the farmer: "Why should I support seven local livestock buyers scouring the country in cars such as I could not afford, each trying to get a little more than his share of a business that would profitably

¹See article by this title by W. C. Mitchell, *AMERICAN ECONOMIC REVIEW*, vol. II, p. 269. "Our faults as spenders are not wholly due to wantonness, but largely to broad conditions over which as individuals we have slight control. . . . If this work could be taken over for many families and conducted by a business enterprise it would be subdivided into several departments, and each department would have its own minute division of labor. Then there would be the commissariat with its trained corps of purchasing agents and chemists, each giving his whole working day to the buying or testing of meats, or vegetables, or groceries." Aside from a casual reference to the possible but improbable coöperative kitchen, Mitchell let slip the excellent opportunity to apply his observations to the coöperative organization of consumers.

²See *Materials for the Study of Elementary Economics*, pp. 374-6. The reading presented under this caption is from Cherington, *Advertising as a Business Force*, and closes as follows: "The consumer problems of the modern advertiser are not merely to discover buyers of goods and to exploit them. They are as intricate as war plans."

occupy but one man? Since our stock will all be shipped from this station anyway, is it not wisdom to appoint a single agent who will arrange convenient shipping days when we shall drive in our stock and dispatch it to market with a minimum of effort and of time consumed?" Horticultural regions have in numerous instances organized and integrated the business of a whole producing region into assembling, processing, distributive, and jobbing agencies of high efficiency. They have eliminated competitive wastes both at the local shipping point and at the central and jobbing markets. Furthermore, they are the instrumentalities of the producer and owner of the goods, and hence likely to be more aggressive in the effort to reduce expense and wastage in the handling process and to improve quality and enlarge outlets than is the middleman who works on a commission, assuming always that the association develops a practicable form of organization and is willing to pay for technical ability.

To be sure, the process of direct buying by terminal wholesalers and the integration of large distributive companies under trade rather than producers' auspices has given us a type of middleman who possesses all or many of these same virtues.³ But aside from the fact that the producer grudges them the profit which they may make upon the operation, he feels that the fact that they are in business for their own profit rather than specifically for his service, means that their offices do not meet all cases and are particularly likely to fail at a pinch. This is especially true in the case of a new producing section or of a new development in an older area. Let us say that a small fruit-producing section has just been brought to bearing. The area is far from any large market, the product is perishable, and hence both risk and expense are high. Volume is not large enough to attract a private distributor. But success or failure, the salvaging of their investment, or the continuance of their life work may be at stake on the part of the growers. Hence it is argued (and demonstrated in practice) that the coöperative association of producers frequently achieves results where private outside entrepreneurship fails.

A third and last phase of the argument that coöperative organization effects gains in economy and efficiency touches productive operations. The modern farmer⁴ finds himself involved in a productive process which, if efficiency is to be secured, demands a variety and fre-

³See the highly suggestive monograph "*Coöperative and Other Organized Methods of Marketing California Horticultural Products*" by Professor J. W. Lloyd, of the University of Illinois, Univ. of Ill. Studies in the Social Sciences, vol. VIII, no. 1; and Nourse, *The Chicago Produce Market*, ch. 4.

⁴I speak here only of the farmer, although in theory at least the coöperative form of organization is applicable also to industrial processes and is so used to a limited extent in printing, textile manufacture, cigar-making, iron founding, bakeries, and the like. It is discussed at a later point in this paper.

quently a size of capital equipment in excess of the carrying capacity of the one-man farm and a labor specialization quite outside the scope of the individual farm personnel.⁵ To meet this emergency, a whole host of coöperative associations organized along lines of functional specialization have developed in the United States and to a much lesser extent in other countries. One of the earliest was the "thresher ring," which pooled capital contributions in such a way as to bring steam power to the ordinary small farm. We now have silo-filling and power-spraying organizations, cow-test associations, sire-owning groups, and even coöperative budding, pruning, picking, packing, fumigating, and in several cases investigational work. A wide variety of specialists of high-grade trade or professional competence work for coöperative farm groups on a salary basis. All these cases embrace services which the producer is convinced he gets cheaper or better by providing them for himself on a coöperative basis or, in many cases, which he could not get at all if he relied on the profit-seeking enterprise of outsiders.⁶

III

Possibly dearest to the heart of most coöperators are their theories of distribution. A coöperative association differs from the ordinary incorporated company in that profits, instead of being paid as a stock dividend, go as a "patronage dividend" or as a dividend or bonus to labor, or both. Capital invested in the business is generally allowed the going rate (though sometimes a little more or a little less) but either the patron member or the laboring member is viewed as the proper residual claimant to any surplus above the cost of supplies and the payment of contractual shares of income. This has led to a rather common practice of referring to coöperation as being the opposite of capitalism or of saying that coöperation displaces profit-making and substitutes service as the motivating force in business. Coöperative associations are asserted to be non-profit bodies and a non-stock form of organization has been worked out.

In all this there is obviously some tendency to confuse capitalism as a distributive category and "the capitalist" as that one out of the

⁵The writer has developed this phase of the matter at some length in the *Yale Review*, October, 1918.

⁶In addition to coöperative undertakings in connection with his work as producer, the American farmer (and likewise his European brother) does a deal of joint buying, either through a coöperative store in his market town or, with better success, through his elevator or other shipping organization. This principle of coöperative supply extends to services as well as commodities and to social as well as purely economic requirements. Merely to list the farmers' telephone lines, farmers' insurance, community stock pavilions, laundries, ice-houses, recreation centers, movies, and the like, shows the variety and vigor which coöperative organization manifests in bringing to the countryman facilities which would offer no inducement to profit-seeking private enterprise.

whole family of capital owners who has acquired exceptional economic power through the concentration of wealth in some few hands. The coöperator's actual objection is not against capital dividends merely as interest at the market rate on tangible investment but against the piling up of such dividends at an excessive rate, or against the capitalization of putative earning power into watered stocks which shall thenceforth be claimants before price-governing tribunals or at the bar of public opinion equal in repute and authenticity to actually paid-in capital. Granting that, in the absence of any factor of monopoly, such a level of charges cannot be indefinitely maintained, the coöperator asserts that what the consumer does pay should go to reward the worker instead of being absorbed by the promoter. His quarrel is with the promotional system on distributive grounds even as it was on grounds of efficiency. Any dividend distribution of profits in excess of a conservative interest rate is taken, he says, from some more suitable claimant to be given to capital simply because it assumed some risk in its entrepreneurship. But where producers or consumers are organized coöperatively, the risk is thereby removed from the business and the claim of capital can consequently be reduced to its competitive contract share, service to either buyer or seller being thus brought down to a strict cost-of-service basis. All business is merely the working of producers to supply the wants of consumers. If, says the coöperator, we arrange a straight and easy channel of organization whereby the wishes of the consumer are transmitted to producers as contracts or orders (much as in the custom-work régime which preceded the factory system) then speculative profits, losses, and wastes can be dropped out of our future arrangements with capital. Hence, if any surplus appears in the operations of a coöperative association, it is viewed as an overcharge to the buying patron or an underpayment to the selling patron or to the member-worker. After making what seem proper deductions for reserve and, generally, an educational fund, it is returned to the proper party, or parties, as a dividend or refund.

Here arises a weighty problem. Who *is* the "proper" party and upon what canon of judgment is his nomination based? If coöperation is in some sense (though not consistently and merely) anti-capitalistic, as we have seen above, is it pro-labor? To this we must answer that it is a working-class movement and has generally endeavored to include a dividend to labor along with that to patronage. Obviously the dividend to labor occupies the center of the stage in industrial coöperation or labor copartnership. However, even here no attempt is made to divide profits with other laborers who have contributed to an adjacent stage of the complete economic process—by paying a premium, for instance, on raw material produced by the miner or the farmer. Likewise, in case these latter organize on coöperative lines, they are likely to drive

as hard a competitive bargain with the coöperatives to whom they sell as they would with the capitalistic employer of similar workmen. In both cases the coöperative group would be coöperating to raise labor rates within the group and, if need be, to lower them outside the group.

This imperfect adhesion to a labor theory of distribution is further noted in the fact that the bonus or dividend to labor, though still provided for in our statute books, is a dead letter in practice; the great British Co-operative Wholesale Society has had a fair share of labor troubles and strikes among the workers in its plants; and producers' and consumers' societies have found their efforts so antagonistic as to be unable to deal together and hence, in certain cases, have even come into open conflict. To this we shall return under the discussion of theories of control.

In America it is coöperation among farmers which assumes by far the chief importance. The farmer is prone to argue the soundness of coöperative practice on the ground that it is designed to distribute profits to him as a "producer" rather than to the middleman or the manufacturer. Should this be written "the capitalist middleman" and "the capitalist manufacturer"? This might seem clear in the average farmer's attitude to the grain exchange broker and the "Big Five" packers, the Quaker Oats Company, and the like. However, the same farmer is just as wroth at the union wage which enters into his stock-yards handling charge or into the spread between the steer price and the price of beefsteak. Taken from the other side, the rural "producer" who looks to coöperative organization as a means of keeping up a necessary level of his returns is quite as desirous of getting a good return on his invested funds as on his labor as such. In fact it may be asserted that one of the keenest motives back of the present boom in agricultural coöperation in the United States is the desire to maintain the existing prices of farm land. There has never been any definite suggestion that it should benefit the hired man.

All in all, it can hardly be said that the distributive ideal of coöperatives is to make labor as such the residual claimant to surpluses or profits. It seeks to eliminate the whole profits category,¹ but in the

¹It seems clear too that in the minds of a very large number of coöperatives this includes the factor of differential returns to personal service in the form of high "executive" salaries or directors' fat fees. Possibly it might have been mentioned under the efficiency argument that coöperative organization abolishes sinecures and ornamental salaries. As a question of operative efficiency, the matter is significant in that the change from the promotional principle to one of self-service brings relief from the necessity of buying names which will carry prestige with the public. It is argued that people can better direct their own business without special remuneration than pay munificently the exploitative expert to direct, or misdirect, it to some other end. On the one hand we have the ancient wheeze to the effect that no self-respecting railroad president can have his mind clear and placid for the consideration of great problems of management unless freed from the worries of

consequent readjustment these margins must be allotted as benefits to some party in the organization. The working-class group which effects organization on the coöperative plan may, after providing a patronage dividend to itself, carry its sympathy for other wage workers to the point of allotting something to the payment of a bonus or dividend to labor or may similarly divide with that other "producer," the farmer from whom they buy supplies, by paying a better price for his wares than might be if they pushed the advantage of their bargaining power to the last possible point. So too the producer coöperator talks much of benefiting the consumer by not exploiting him in the price charged.

It must be admitted, however, that the practical difficulties in the way of shaping a business policy to the advantage of three or even two parties whose interests are mutually antagonistic have caused this fine theory to give way to one less altruistic but more easy to expound and more simple to apply. This means that coöperative features shall apply to those within the one group which effects the organization, but that competitive bargaining shall run its course—not savagely perhaps, but as effectively as may be—in their relations with other groups. We might call this militant coöperation as against the utopian coöperation of the older school. It has led, as noted above, to the dropping of the labor dividend quite generally in America, to factional differences between producer and consumer coöperative associations both abroad and at home, and has raised up a coöperative cult in America which cries down the Rochdale principles and exalts the new "coöperation American style," along lines of big business bargaining efficiency and ruthlessness. It is producer coöperation, legalistic the impecunious by a salary of \$100,000 or \$150,000 or whatever. On the other is the modern instance of the members of a farmers' elevator association unable to be persuaded that it takes more than ordinary hired man's wages to get a competent manager for a business of several hundred thousand a year. Obviously there is a golden mean, and the psychological factor must be given due weight. Thanks to a genuinely coöperative spirit, the great consumer wholesale societies of England have been able to retain able managers at salaries of four hundred pounds, directing business which runs into the millions.

On its distributive side, the coöperators have a shrewd perception that exorbitant or superfluous salaries and directors' or experts' fees are a part of the surplus which they seek to salvage for the working class. They view them as profits just as truly as though they were paid as dividends instead of passing through the fiction of a payroll, for the sake of making the dividend rate sound less, but in fact of concentrating still further the enjoyment of the surplus. Doubtless the sound position in the long run would be attained by bringing the coöperatives up from the position of exploiting the loyal few for gratuitous service to the place where they pay the true competitive rate for necessary service, and of bringing down to the same basis those corporate servants whose competitive wage is sweetened by a slice of the profits of the business. Any such glib formula quite patently begs the nice questions as to the real nature of the price-making process for personal services which partake of the nature of quasi-rents and of the extent to which the whole schedule of such service prices depends upon present institutions of profit-making and profit-sharing business.

in philosophy, monopolistic in spirit, and zealous for control of the market. In the case of the Associated Raisin Growers of California, it has adapted the voting trust to its uses and has fallen foul of the Federal Trade Commission in its course. It has clamored for exemption from general laws prescribing fair practice for all business, and has had some success in putting such exemptions on the statute books. Doubtless, however, the present tendency toward the infusion of predatory ideas will in due time be repudiated by the better element, while yet retaining the necessary singleness of purpose and vigor of action. Some further light on this question of the rival claimants to pecuniary benefit will perhaps be shed by the discussion of principles of control as set forth in the next section.

IV

The third of the chief considerations of cooperative theory touches the matter of business control. In the ordinary corporation, control is in the hands of stockholders and tends thus to be identified more or less specifically with capital ownership. Furthermore, there has been a tendency, through the limitation of voting power of preferred stock and the general withholding of the vote from capitalists whose capital contribution is evidenced by bonds, through the use of proxies, and through the device of the holding company and voting trust, to concentrate control in the hands of a few. The original control group, likewise, has often entrenched itself further in power by offering any new issues of stock to itself upon favorable terms or by transmuting accumulated earnings into stock dividends.

Against these control features of the ordinary stock corporation the cooperative philosophy sets up three protestant counterproposals as follows:

1. All invested capital should be put in the category of loan funds, divested of voting power or control over the affairs of the association. Instead, voting power should go to members duly admitted because of their participation directly in the business to be done by the association.

2. By the prohibition of proxies, limitation on the amount of stock which may be held by an individual, abolition of holding companies and trust arrangements, and the transfer of governing power to members, each of whom votes as an individual, democracy of control is substituted for the old autocracy.

3. Instead of closed stock lists and mounting dividends or the cutting of "melons" for the few, cooperative organization requires a membership list open at all times to any person of good repute who is engaged in the business which is carried on by the association, his membership to terminate whenever he ceases his participation in the given pursuit.

Possibly all this may most conveniently be summed up in the observation that coöperative organization aims to perfect a system of bringing many individuals together in business associations which will retain the personal interest and responsibility of the individual, instead of submerging it or allowing it to be lost as is the case in the highly impersonal form of the ordinary corporation. A phrase of wide usage among coöperators is to the effect that the coöperative association is a union of persons, whereas the joint stock company or corporation is a union of capitals. Obviously the capital contribution to a stock company must have a personal (or institutional) owner. But it has been one of the strong features of the corporate form of business that it could make its appeal to a large and widely scattered public following on the basis that no personal participation in the affairs of the company is required; and it has been a rather notorious fact that even the great leaders of railway, industrial, and mercantile corporations have in many cases known little or nothing of railroad operation or the steel, leather, sugar, or whatever business which was to be carried on by the company. Their contribution has been that of the "financier," promoter, or, alas, stockjobber, and success in operation, if it was attained, has been thanks to the skill of a hired manager and his subordinates.

The coöperative society proposes quite a different scheme of things. It does not fare forth into the world of ordinary commercial achievement, aiming to derive a profit from the carrying on of business with the general public. Instead, it brings together a group of people who, having a common need of certain facilities, set up a mutual service agency to operate at cost under the personal control of such persons, who themselves contribute the patronage upon which it depends. When the stock corporation has received the stockholder's contribution of capital, it is practically unaware of him as an individual. Depersonalized stock floats about the exchanges and its ownership may change hands a dozen times a day. Certificates may be loaned about among brokers who represent short sellers or may lie for years in the original investor's strong box, while "stockholders of record," though they have long since sold their holdings, may legally vote in annual or special meetings or give proxies to the aggressive minority who exercise actual control.

Capital contributions must, of course, be made to the coffers of the coöperative association, but the coöperator holds to the notion that "the gift without the giver is bare." The association puts his personal participation in the patronage and in the control and direction of the business as the first desideratum and makes the loaning of capital a subordinate matter, although it is felt to be desirable that everyone shall have some stake in the capital investment. Hence a truly

coöperative organization is one which consists only of participating members each of whom makes his individual business a part of the joint business of the society. In so doing he must assume the responsibilities as well as the prerogatives of voting control as the counterpart of his claim to enjoy the benefits of the society's service.⁸

The fundamental principle of "one man, one vote" is sometimes modified so that voting is in proportion to patronage. For example, it may be put on number of cows or weight of milk in a dairy association, or on trees, acres, or boxes of fruit in a horticultural association. Nevertheless, the idea is tenaciously held that membership is personal and that control should be democratically apportioned, with no additional preponderance given to wealth. Not only is it argued that God has given as much brain power and ability to the man of small means as to the wealthy, but the self-respect and interest and loyalty of each is preserved and developed by this recognition of personal equality. In a word the coöperator believes that the case is as good for economic as for political democracy.

The third feature of coöperative control grows out of this idea of personal membership based upon participation in the given pursuit. Just as political government extends its membership and benefits to include all natural growth of our population or such immigrants as definitely assume the responsibilities of citizenship; just as the church opens her doors and offers her ministrations to all who express a willingness to participate in her services and accept her regulations, so the coöperative association as an institution of service keeps its membership open to include all who wish to join with others of like economic interest under such a plan as is set up in the articles of incorporation and by-laws. Instead of benefits being concentrated in the hands of a limited group of stockholders, they are to be freely (and, it is maintained, equitably) distributed to all persons actively participating in the business. All outsiders merely seeking a proprietary interest are rigidly excluded.⁹

⁸There are obvious difficulties in carrying this principle out in practice. The best method with the coöperative store seems to be to sell goods at prevailing prices and place dividends accruing on non-member purchases to the credit of such non-members for the purchase of a share of stock (or the issue of a certificate of indebtedness). To remain truly coöperative, however, the store should deal only with persons who signify their intention of becoming members. In the case of selling societies the same situation arises if the association buys the product from its members. If it be pooled or handled on a commission basis, only members would be allowed to employ the facilities of the association, except at small shipping points where such a practice might deprive persons of a local market or coerce them into joining. In such cases their business might be handled on a service charge basis. Such a situation, however, is unfortunate.

⁹In the hybrid stock-issuing form which coöperative endeavor has often been constrained to take, the satisfactory carrying out of this principle has been difficult. Such a capital stock is not sufficiently flexible. Under the non-stock form now

With the passing of the feudal era, the day of freedom of economic enterprise ushered in the small independent business man with his little handicraft shop, his small store, his family farm, or what-not. Note has been taken time and again of the stimulus to industry, thrift, invention, political stability, and social progress which came thereby. However, the progress of the arts has been such as to call for larger and ever larger operating units, and in the process of constructing them natural leadership has given rise to economic institutions and legal forms which have both concentrated control to a degree hardly less great (though in a form less rigid) than maintained under feudalism. The proposals of the coöperatives simply represent an effort to devise a form of control which will permit of the benefits of large-scale³⁰ organization but will restore the independence and utilize the personal contribution of the many under thoroughly democratic principles.

V

To anyone who is accustomed to thinking solely in terms of the orthodox type of business organization and who has not read or listened to the words of coöperators, such exposition as has been offered above presents the outlines of a wholly unfamiliar economic system. It is not, however, for that reason merely to be classed as what is smartly known today in certain circles as "Alice economics." The more prevalent arrangements as to economic organization and control and the distribution of wealth enjoy no absolute sanction, and it is neither socially nor intellectually compromising to dally with these somewhat revolutionary proposals. To most people of open mind the philosophy of coöperative organization will no doubt "make sense." But, granting that there is no more of a categorical imperative behind the patronage dividend than there is to support dividends on capital stock, we are constrained to view our problem in the light of pragmatic tests. Can the coöperatives "get away" with their schemes of business on a basis of "equitable association"?

In approaching this question we must get the fact clearly in mind that coöperative proposals, if pushed to their logical conclusion, amount to the setting up of a new machinery for the making either of commodity prices to the consumer or of the price of labor to the worker. Being dissatisfied with the economic position in which the rank and file of the great working class find themselves after having possible in several states, however, capital contributions can be readjusted annually through a revolving fund evidenced by members' certificates of indebtedness.

³⁰Through the system of federation of local associations into district and, in due sequence, state and national units, any necessary size can be attained. Cell by cell the growth may proceed from the individual to an organization coextensive with the industry. The evident check upon such development is to be found in the loyalty and intelligence of the membership and the quality of leadership.

sold their labor, or the product of their labor, in the labor or raw-materials market and having bought their subsistence goods in the commodity market, they feel that the "middlemen and masters" have developed market institutions for both labor and wares which result in an equilibration of demands and supplies upon terms favorable to the employing and trading classes but highly unfavorable to the working class. The laborer who adopts the coöperative philosophy feels that only by abolishing the wage system and putting himself in control of the process of production and market distribution can he get the full value of his labor as embodied in the consumer price. The consumer on the other hand feels that he pays more than the goods he purchases are "worth" properly speaking, unless he sidesteps the ordinary market system and supervises the whole process, appropriating everything above the going or market price of the services and materials which enter into the production of his consumption goods. Obviously the producer cannot achieve economic salvation on the basis of such a consumer's price, nor can the consumer take such a producer's price as the datum plane for the sort of economic organization which he is seeking.¹¹ Two such systems of relativity based each upon the other would be as impossible as to have two suns in our solar system.

It is a comparatively simple matter to work out a system of production and consumption for a small co-laboring community in which satisfactions are limited to what can be produced within the group and each member gets his n th of the product (with at most insignificant premiums to the leaders of the group or deductions from the humblest members). But perhaps the chief merit which coöperation claims over such communistic proposals is that it contemplates the maintenance

¹¹This throws into clear relief the distinct economic service which is performed by the despised middleman system. It maintains a buffer state between producers and consumers in which the equating of supplies and demands is carried on, to the end of making prices as a necessary adjunct to the transfer of goods. Incidentally it makes prices for a large volume of direct transactions which do not pass through the organized market. In fact the success of such direct dealings as we now have is dependent to a large extent on the existence of such markets, since a price basis can thus be readily arrived at and any savings in marketing costs readily perceived. Even so there is likely to be considerable ill feeling between the two parties, both of whom wish to appropriate the whole of this saving or, not knowing what the handling margins really are, try to overreach each other even more than the middleman does. For instance, the high hopes entertained for parcel-post marketing were dashed in large measure because of the insistence of the producer that he get more than the current retail price and the equal insistence of the buyer that he get his goods at less than the farmer could get from the local trader. Similar difficulty has been encountered in arranging direct sales of feeder cattle or of potatoes or apples from coöperative shipping societies to coöperative buying organizations. With this situation existing when market quotations are available and only the equitable adjustment of "margins" is at issue, it should be evident how extremely difficult would be the building up of a whole valuation process in such transactions in the absence of a third-party market mechanism.

of present standards of living and of productive efficiency and seeks a plan of organization suited to modern conditions of minute division of labor, extreme geographical specialization of production, and world-wide exchange. To do this, some one party to the given economic process must become the pivot of the organization, even at the possible sacrifice of others. The real motive which lies back of any proposal to displace the manufacturing or trading entrepreneur of the present system is that some other party to the economic process may put himself in charge and thereafter direct the system in a way which will give to his class a greater share in the benefits. The basic argument of coöperation then is that it has devised a new working machinery which offers the legal and technical possibility of so doing, under the direction and in the interest of either the industrial laborer or the consumer as such, or the individually organized producer of market wares, notably the farmer. The practical application of the coöperative form to each of these three purposes respectively gives rise to decidedly different situations and problems.

In the earlier days of coöperative development men even of the standing of John Stuart Mill¹² entertained a confident hope that reorganization under coöperative auspices by and for the laborer promised "a transformation which would be the nearest approach to social justice and the most beneficial ordering of industrial affairs for the universal good which it is possible at present to foresee." History has belied this expectation, doubtless because, first, of the nature of our industrial technique during the period in which the experiment of labor copartnership was being tried and, second, because of the nature of the wage-worker himself.

In the swift development of one and then another form of mechanical power and the amazing evolution of ever larger and more costly machine equipment and large-scale and complex forms of business organization and commercial and financial institutions, it has been impossible for a new principle of economic control and remuneration of a democratic type to gain a foothold in competition with the old régime, whose captains of industry and trade and finance were quick and daring, resourceful, experienced, and as it seems impregably entrenched. The race has been to the swift and the battle to the strong. While craft workers may establish and run a coöperative shop successfully, the ordinary mind can hardly conceive how the coöperative system could have got a foothold in the automobile industry or in the manufacture of steel or rubber or electrical equipment. We have had coöperative stove works, printing, baking, and cooperage concerns, and a very few of them still survive. The coöperative cooper shops passed with

¹²*Principles of Political Economy*, book IV, ch. 7, sec. 6.

the introduction of barrel-making machinery, and in general the process of industrial integration swallows sub-industries of the scope best suited to coöperative organization and to erase or blur craft lines.

Both because of this and because of the nature of the laborer himself, it is inevitable that trade unionism as a militant organization for getting a substantial share in the fruits of this increasing productivity should seem a swifter, surer, and more pleasing method to the labor rank and file, and about all that was possible in the face of the demands made in the way of technical management and capital equipment.¹³ The laborer's lack of education, self-control, and thrift, as well as his poverty, have militated against his utilizing the devices of coöperative organization to better his lot, however sound their proposals may be in and of themselves. The exponent of consumer coöperation, however, asserts that even at best producer coöperation does not meet the situation, because the producer or laborer is likely to prove as prone as is the capitalist manufacturer or trader to utilize every strength and strategy of the market to force up prices in his own interest, which results in the exploitation of the consumer. Deferring for the moment the question of the agricultural producer, we will examine the consumer argument.

This is the prevailing cult of coöperation in England and Scotland and to a considerable extent on the Continent. Starting with the retail store, it has integrated jobbing, wholesaling, and import trade under the control of large, organized consumer groups. To supply this trade it long ago undertook manufacture on a considerable scale, and in time added tea plantations and wheat lands abroad and milk, vegetable, and fruit farms nearer home. The consumer societies have their own steamships and banking departments. They have done a little coal mining and are seriously considering the acquisition of extensive coal and iron resources. The extremists of this group believe that the whole economic system should be directed and controlled by the consumers, organized into coöperative societies and federations, the motivating force being always and only the community's desire for goods as expressed through their society.

Such a "coöperative commonwealth" is surely a heroic remedy for the admitted "planlessness of production" under the existing régime.

"One of the chief drawbacks of the coöperative plan lies in the fact that it presupposes the getting of capital into the hands of the members. It is all very well to point out that capital goes through a continuous process of reproductive increase, *i. e.*, is accumulated from the profits of the business itself and hence does not demand that the workers secure it from outside or save it out of present wages. But what they are after is an immediate increase of their wages and it is a hard matter to educate them all up to the point of being satisfied with putting these profits back into the business until such time as they have it suitably capitalized and are able to enjoy the larger return.

It implies a regimentation of the worker's conduct which would doubtless prove highly distasteful, and would threaten the development of a bureaucracy which would be both distasteful and dangerous. It may be confidently predicted that the animosities it would provoke and the blunders it would commit would check a growth so great as really to threaten the present system of entrepreneurship. It would in fact pass from the realm of voluntary association to one of coercive socialism. It is frankly recognized as such by its advocates, who expect such public utilities as railways, steamships, and the telegraph, which are inherently unsuited to a coöperative adjustment of charges, to be taken over by the state, thus dividing the field between state socialism and socialism of the consumer society pattern. "In this way the coöperative movement would become recognized as, what it in fact is, the industrial wing of the democratic state."¹⁴

The accomplishment of any such comprehensive result is, as most consumer coöperators themselves admit, confronted by an array of difficulties both internal and external which may well prove insuperable. The steamship development alluded to above has proved ill advised and Canadian wheat growing will doubtless be found not less so. Whether as a result of the stimulus produced by the remarkable development of coöperative stores in England or due to the natural process of business evolution, merchandising improvements such as chain stores are giving the coöperatives keen competition in the matter of net prices, without making similar outside demands upon the patron's support. All in all, it seems likely that there may have to be a shortening of the far-flung line of attack upon the existing economic organization if consumers' coöperation is to hold its own in that territory which would seem distinctively to belong to it. Even so, its permanent presence and aggressive ideals of economy and service should prove an invaluable spur to other agencies and an abiding safeguard against undue exploitation or inefficiency. At the same time that the consumer coöperators are establishing and keeping open this alternative channel between the consumer and the great centers of *haut commerce*, the agricultural producer can advantageously avail himself of this same coöperative form to open and maintain a channel from his farm to the factory or the wholesale or even retail market, challenging all other forms of organization in point of efficiency and service.

VI

It is in its third field, agriculture, that the attempt to apply the coöperative form of organization to modern economic needs and problems has been by all odds the most important in America—both Canada

¹⁴Woolf, *Coöperation and the Future of Industry*, p. 115.

and the United States. Agricultural coöperation, of course, does not mean coöperative farming. The latter is a sickly growth found only in the hothouse atmosphere of a few fanatic colonies. Agricultural coöperation means the association of farmers, stockmen, orchardists, or the like for the joint performance of certain parts of their business which cannot be satisfactorily carried on alone. Its theoretical implications are not precisely the same as those of either consumer coöperation or labor copartnership. The chief difference is that the point of view here is preëminently that of functional reorganization rather than comprehensive economic regeneration. We have noted that the advocates both of consumer coöperation and of labor copartnership would displace the existing market or competitive system of price making and would fund economic organization in the interest of some ideal adjustment, aspiring ultimately to consumer socialism in the former case and guild socialism or syndicalism in the latter. Somewhat paradoxically, the farmer proposes to use the same structure for the opposite purpose. Being a self-employed worker, generally a capitalist of parts, and frequently the employer of a few additional wage hands, he seeks to keep the freedom of personal initiative and looks to coöperative joining of these small operating units as a means of enabling him to hire special labor or secure special capital equipment most advantageously. Taking the essential facts of the market as he finds them, he seeks merely to put himself in the most effective position with reference to it."

A moment's reflection must suffice to show that the coöperative faction in agriculture is the conservative wing of the industry. This bourgeois element sees in the coöperative association merely a new legal form peculiarly adapted to the needs of modern agricultural industry. Using this form, it seeks to organize such a range of activities as can be effectively integrated and to distribute the economic benefits of this efficiency so broadly and equitably as to insure the prosperity of the whole body of family-farm operators. There is no attempt to introduce any distinctively new principle of industrial guidance such as is proposed in the elaborate scheme of consumer coöperation. But it is proposed to put the individual members of our agricultural industry in an economic position compatible with the demands of modern economic life both as to productive efficiency and as to distributive justice. Possibly the keynote of the philosophy lies

"This is far from meaning that farmers are satisfied with existing commodity prices, or even with the present operation of the market mechanism. The farmers' coöperative movement does, however, accept the essential necessity of prices being struck by the equilibrium of demands and supplies in the market. Their proposals for the modification of their supply relationship to this market and the allocation of these values among their members are worth a detailed examination such as is quite impossible here.

in the idea that a means must be found for giving agriculture a type of organization whose productive and bargaining units respectively will expand in step with the growing needs of the agricultural technique (and its accompanying capital demands) and of the size requisite to an effective bargaining position in contact with the units of commercial organization with which they must deal.

Thus, for example, the live-stock grower feels that he must consolidate the selling function to the extent which will put him on a parity in all the great stockyards markets with the consolidated buying power connoted by the existence of the "Big Five" packer. The dairymen likewise first devised the local creamery as an effective means of meeting the competition of the small private creamery characteristic of the time. Today, however, the competition which they must meet is that of the great centralizer creameries, which advertise their product direct to the consumer and carry their selling clear through to the retail grocer. This must be met by a distributing organization of equal scope, which implies federation of the coöperative creameries of a region embracing a whole state or several states or parts of states in a producing section. Such a development puts the solidarity of a group above the selfish interest of the individual and its successful working demands team work and a spirit of self-reliance which expresses the belief of the coöperating group that together they can work out their own salvation in their relations with other groups and interests. The coöperative clings to the belief that these wholesome results can be secured by voluntary and democratic association. While mildly, one might say stimulatingly, class-conscious he is by no means socialistic in his thought as is the radical rural faction in the less economically secure (though not fully proletarian) left wing which confesses itself beaten unless it can effect some improbable affiliation with industrial labor or be gathered to the bosom of state socialism after the pattern of the Non-Partisan League or otherwise.

So independent and vigorous in fact is the philosophy of agricultural coöperation that consumer coöperators are prone to charge it with being no less exploitative than any regular capitalist producer. Doubtless this is in some measure a real danger, as may be deduced from a study of some of the advertising matter and legislative activities of certain coöperative marketing associations. But any attempt completely to avoid this danger, such as the proposal of consumer coöperation that production should limit itself to the passive rôle of filling orders for the consumers' society, leads us into a danger no less real that enterprise will be stifled and technical progress slowed down if the producer is restricted in his opportunity of invention, discovery, and productive pioneering. Agricultural coöperation keeps the spur of competitive enterprise and stimulative salesmanship but also puts the

actual producer in a position of prompt and sensitive response to the reaction of the consumer public. Accepting the arbitrament of the competitive market and the challenge of other systems of economic organization, following other methods and appealing to other motives, the coöperative agriculturists insist that under many circumstances and for many of the total number of farmers the modifications of the older business forms which they are introducing contribute to the progressiveness, flexibility, and wholesomeness of our economic organization.

Although the danger of monopoly in any particular line of agricultural production is practically negligible in a country whose natural resources are so far from exhaustion as our own and in which any producer is able to alter his lines of production so freely, the coöperative movement sets up specific safeguards against even this slight danger. One of the fundamental requirements of the coöperative form of organization is that membership lists shall be freely open to all persons possessing a direct participating interest in the given activity which it is proposed to organize under the coöperative form. If this principle be strictly adhered to, the only danger of monopoly would be such as might be created by the industry as a whole through tariff enactments or restrictive internal legislation. Although coöperatives as well as others might participate in such movements, its sins could not be laid at the door of coöperative organization as such.

This being true, then coöperation of the producer pattern can well claim to benefit the consumer as well as the producer. Stated in terms of the distributive process, coöperative organization enters a world in which it finds certain profits accumulated (as it thinks, unduly) in the hands of processers and traders. These it distributes to its producing members, along with any further efficiency profits which it can secure by its improvement of business or technical methods. Such accessions to the grower's price have a stimulative effect on production, with a consequent lowering of the consumer's price. Actual experience demonstrates that this reaction of better net returns upon enlarged production often creates a danger of declining prices so great as to threaten to wreck the coöperative associations. Certainly it provides a powerful stimulus to the association to devise further economies of methods which will enable them to maintain the level of net returns to the grower. Such competition also spurs the private agency to outdo the coöperative in its efficiency in order to hold its business. Hence the argument that consumer as well as producer could expect to benefit from the establishing of a coöperative organization under sound business management capable of handling a significant fraction of each principal farm product, thus providing an alternative channel between producer and consumer, thereby at least establishing the

plane upon which competitive forces shall operate. The farmer's need of capital in his own business dictates that he go no farther afield than necessary in marketing or processing undertakings."

Agricultural coöperation offers to the inherently decentralized industry of agriculture a workable and expansible scheme of organization designed to set up an agency for the progressive study and adjustment of the larger problems which are being forced upon this industry by the inescapable processes of our economic evolution. If, as Mill suggests, the goal which we are seeking is to raise the rank and file of our workers to a position where they are also, in the largest measure possible, owners of that share of the productive capital of society which is employed in their industry, we should look upon agricultural coöperation, conserving as it does (and in time extending) the present highly desirable combination between capitalist and labor rôle of the American farmer, as a movement to be carefully fostered and directed into channels of practical success as well as social helpfulness. Like other evolutionary processes its future course depends largely on the quality of its leadership. To analyze the issues intelligently and helpfully would be a service which the economist might well feel himself called upon to undertake.

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"In this connection it may be said that the peculiar character of agricultural coöperation as a small capitalist movement protects it against the very danger which is greatest in the case of coöperative organization in other departments of production, notably the proposals of labor copartnership, *i. e.*, the likelihood that the capital fund necessary for present efficiency and future progress may be gradually dissipated by a process of nibbling on the part of workers who are anxious to enjoy the full returns of prosperous periods without adequate provision for unprosperous years and the inevitable depreciation of the productive plant. The farmer has grown up in a hard school of self-denying business experience in which he has been forced to put current returns which came into his own hands back into the business even at the expense of a rather pinched consumptive standard. Therefore, as a matter of practical business success, the farmer is likely to be relatively a safe man to entrust with the administration of such capital funds except in so far as the claims of his own farm business may run counter to the remoter interests of the joint enterprise.

A UNIQUE SITUATION IN ECONOMIC THEORY

There is a widespread conviction on the part of economists today that the literature of the last two decades, and especially since the Great War, has been critical in tone, calculated to brush aside old convictions, to undermine former beliefs, but not notable for successful attempts at reconstruction. This conviction of course is not peculiar to the present age, nor even to economists. Indeed, as history shows, thought moves in ascending and descending curves, one group of investigators building up what the next is certain in large part to tear down.

It is not surprising, then, that during the last few years scientists and philosophers in many fields have recanted solemnly, sometimes even exultantly, what earlier thinkers had affirmed with equal vigor. On all sides criticism has been rife against inherited faith. Mathematicians for instance have gained fame for innovations that smack of charlatanry, although they are anything but that. Physicists and chemists have joined in ridding their treatises of doubtful points. Between some sciences boundary lines have been shifted, or declared non-existent. In other sciences totally new problems stand forth. Economists share this unrest in proposing alterations which must prove fatal to two dominant types of analysis, utilitarianism (or classicism, to use the older term) and marginism, which together fill a century of economic research.

More and more, economists have protested against eighteenth century premises in psychology and government. More and more, they have been willing to disavow their former faith in sensationalism and associationism, the chief pillars of British empirical psychology. That margins are a real key to exchange values, that psychology has a place in economics, that the intellectualistic theory of the feelings contains even a semblance of truth—these old teachings have been attacked by a growing number of earnest-minded students, not all of whom are young in years or by temperament disposed to assail authority. There has been a decided tendency for descriptions of existing institutions and practices, not for analysis with a view to scientific generalization. Writers of late have apparently been satisfied to depict things as they are, to present a lucid picture of business conditions in all their phases. To tell of these norms and processes rather than to discuss underlying principles or universal laws has become the ideal of many teachers in American colleges and of a host of younger specialists. Our college curricula prosper in the sign of Commerce and Finance. Business administration and vocational economics dictate not only school policies, but also rules for an individual sifting of materials in the field of social science. Some of our most promising economists have left the campus to accept employment in banks, manufacturing plants, or public administration.

All this may of course be welcomed as proof of the versatility of our economists, or perhaps as an index of the growing appreciation of expert knowledge by leaders in industry and trade. Nevertheless, this interest of teachers in business statistics, this enthusiasm for a competitive evaluation of products and earnings, this neglect of analysis necessary to reveal fundamental principles—this change has a deeper significance than appears at first sight. To illustrate the situation, let us note first that until now economics has been a science aiming at the discovery of laws, professing to state quantitative relations, and resting on a well-developed system of psychology.

The physiocrats to be sure did not elaborate a theory of human nature in order to found a science; but they were convinced of the possibility of finding permanent social laws, taking their cue from the epoch-making researches which culminated in Newton's *Principia*. What Copernicus, Kepler, and Newton had done for physical phenomena, the physiocrats hoped to do for the psychic and economic field. Thus a cosmological monism, supported by a materialistic metaphysics, furnished the incentive to studies whose most famous achievement was the *Tableau Economique*. Laws were shown to exist in the creation and circulation of wealth; and, because of this, reform measures gained a hearing that adumbrated the French Revolution. If the physiocrats did not succeed in converting Europe to their doctrine, the chief reason was probably their failure to connect economics with a definite psychology. This at any rate was a peculiarity of the earliest inquiry into social laws, and, ever since, economists have relied on essentials of human nature to make their teachings definite and self-consistent.

Smith first introduced theories of human nature into an analysis as naturalistic as that of his immediate predecessors. He considered a science of economics possible because of a few outstanding traits of man which guaranteed self-preservation, while also promoting the welfare of society at large. Laissez faire was shown to be a sound policy because self-interest and sympathy level prices and incomes and benefit the largest number. Smith's work therefore constituted a theory of prosperity as well as an exposition of fact. It was a picture of a social economy in praise of the "normal man" and of a "natural" price.

Although the successors of Adam Smith had much in common with him and borrowed freely from his treatise, yet in important respects they proceeded independently. For the Ricardian system was not built on an ethical postulate which Smith made prominent even before writing on economics. Instead, the theory of valuation was adapted directly to economic ends, so that it coincided only for a short time with the moral criterion known as individualistic hedonism. In other words, after Smith economics became a science of exchange-relations, a science of catallactics which sacrificed breadth to an ideal of logical

precision and neatness. By Malthus and by James and John Stuart Mill (father and son) economics was transformed into a compact system of thought that depended upon Hartley and Bentham for an explanation of all mental phenomena. The objective viewpoint of Smith, of course, was retained. Prices were still treated as expense-facts or as quantities of labor solidified into tangible goods, so that in this as well as in the unqualified acceptance of non-interference, the nineteenth century was linked with the eighteenth. But otherwise the breach between naturalism and utilitarianism (classicism of the Ricardo-Mill type) was complete. Smith had never invoked the aid of sensationalism; nor had he a clear idea of a plutology such as the Ricardians systematically furthered. Whereas he emphasized production and the conditions of a rising level of living, his successors declared the central problem to be price and distribution. Competitive, pecuniary standards were employed, the results being bewildering for some purposes, as the Earl of Lauderdale was among the first to show.

Again, beginning with the classicists in England and on the continent, legal premises were specifically mentioned as a logical prerequisite to catallactics; and, what is much more important, John Stuart Mill added a methodology for the social sciences which has never been equalled, and which did not suffer greatly at the hands of the marginists, who hoped to improve so much on Mill's *Principles*. Mill, that is to say, used sensationalism to formulate a logic of economics, and to vindicate the individualistic standpoint. From his psychology he derived an atomistic, static conception of mind and social processes. With the aid of associationism also he built up an argument for deduction in economic inquiry. The difference between a mechanical and a chemical form of causation seemed decisive to Mill. It was clear to him that induction was of no avail where "the separate effects of all the causes continue to be produced, but are compounded with one another and disappear in one total." "This case it is," he believed, "which for the most part eludes the grasp of our experimental methods," and since "the effect which is produced in social phenomena by any complex set of circumstances amounts precisely to the sum of the effects taken singly . . . social science therefore . . . is a deductive science."¹ Although his account of the matter is not altogether consistent, although Comte's influence is as conspicuous in Mill's qualification of the deductive method as in his later views on a social organism and on qualitative pleasures, yet on the whole his methodology rests on the sensationalism of his father. Through Mill's *Logic* of 1843, utilitarian economics became a well-rounded system of thought. Hedonism was the theory of motivation, if not of valuation. Values

¹*Logic*, book III, ch. 10, §4.

²*Ibid.*, book VI, ch. 9, §1.

were objectively explained, but, aside from that, psychology had completely taken possession of the new science of catallactics.

This implicit reliance upon hedonistic psychology the historical school combated in developing its own doctrines. Because of its vigorous protest against statics and catallactics, as well as on other grounds, the historical school deserves to be put in a class by itself. However, it did not break the continuity of economic thought, because in the first place the historical school was in quest of laws every bit as much as its opponents, so that the existence of a science of economics was not seriously challenged, and in the second place its adherents proved historians rather than economists. Whenever the search for laws was diligently carried on, a conversion to utilitarian economics in one form or another took place; in the other case, the output proved to be history and ethics more than economics. The historical school consequently was merely an interlude in the development of catallactics, and not the occasion for its downfall. Whatever the virtues of the thought promulgated by Roscher, Knies, and Schmoller in later days, it was not likely to daunt the friends of a static, exact science who found one law after another and knew exactly where their investigations ended.

Marginism correspondingly had a victorious career, not because it laid bare the weaknesses of the historical school—for that was easy and yet could not demonstrate its own worth—but because it agreed at heart with utilitarianism of acknowledged standing. The differences between these two systems have been exaggerated, for what after all distinguished the two? It was not their psychological premises, for both believed in sensationalism and hedonism. It was not their methodology, for both used deduction, statics, catallactics, and cosmopolitanism. It was not the employment of legal assumptions of freedom of contract, or the use of competitively colored definitions, for here again they were agreed. And are not these vital points in any economic creed? What separated utilitarianism from marginism was essentially the difference between an objective and a subjective theory of valuation. The Ricardians, as stated, analyzed price and income as composites of labor and money facts. The idea of utility was not really exploited as Say had desired in his work of 1803. But for the marginists utility or want was the key to exchange value in all its manifestations. Instead of wants being a mere auxiliary, they now became a prime cause. Instead of pleasure as a force for action exclusively, we now hear of it as a determinant of values also. Hedonism turned out to be a theory of economic values as well as of motivation. It is not surprising that these striking differences between the two systems were exaggerated, but later writers will no doubt be aware also of the substantial agreement between them. They will thus emphasize the continuity of economic thought, the persistent search for

real laws, the supremacy of sensationalistic psychology in methodological questions, and the abstract nature of the generalizations reached on the basis of the theory of an "economic man."

The second main point calling for consideration in a survey of economic theory today is the question of the effect which the rejection of sensationalism must have upon economics as a *science* and a *method*. In other words, if we abandon the old psychology and the logic sprung in large part from it, can we hope to make economics as scientific as ever? Are we to offer a new qualitative and quantitative analysis in lieu of the untenable utilitarian and marginal theories? Will economics continue to be a static, deductive discipline as before? Or must data become important that will reconstruct economic methodology as well as its leading doctrines of fact? This surely is a fair question as critics see it, a question which many have hinted at in one way or another.

The difference between a qualitative and quantitative treatment of events is well known to logicians, and has always played a conspicuous part in natural science. We find there regularly two main types of formulas or laws—those which deal with events solely, and those which measure also the relative magnitudes of these events or things. In the one case we have a statement of things which recur invariably in the same combination (barring conditioning phenomena) and which are known as sequences or coexistences. That the regularity relates actually to the abstract, *i. e.*, to events taken out of a perceptual environment enveloping us all, is true; but this artificial character of our laws of nature does not invalidate the distinction between qualitative and quantitative interpretations. Science may aim at either one alone, although usually it will be possible to combine the two, detaching the law itself from the concomitants which seem to interfere with its operation and from a given standpoint may be called "conditioning phenomena." To illustrate, if we explain a thunderstorm by a reference to wind, humidity of the atmosphere, electricity and the transmission of sound, we have virtually stated the law regarding it. The law *is* this recurrence of qualities or things which, in one aspect, means a thunderstorm. But increasingly since the Renaissance the ideal of all scientists has become exact quantitative correlation. To disclose the real nature of commonplaces men have been obliged not only to show what sorts of events went regularly together, but also to ascertain their relative amounts and their relative changes of magnitude. Such a quantitative analysis is indispensable to a systematic subsumption of particulars under a larger principle, or to the practical applications by which the last few generations have benefited so enormously. Physics and chemistry for this reason have become models

of exact science. Boyle's law of gases is an instance of the many laws in physics comprising qualitative and quantitative relations recurring without exception, if properly defined and measured. In biometrics quantity is of first importance, and the meteorologist would like to master all the magnitudes involved in his survey, if he but could.

As for utilitarianism, both its qualitative and quantitative analysis must meet with our approval, for it meant strictly a determination of price either by facts other than price, or by expenses which themselves were prices but could not on that account be considered for a correlation with any particular price. Its procedure therefore was correct as regards price analysis. But it made the mistake of adopting sensationalism, predicating an "economic man" to the exclusion of other items in valuation; and in addition it suffered from a static conception which was too abstract to be serviceable. It meant a deductive method, for one thing, and a narrow circumscription of economics for another. Thus catallactics supplanted the social economy of the naturalists, and the quantitative analysis proved impracticable because of inevitable discrepancies between labor-amount and prices.

Marginism, however, was no improvement on this system. On the contrary, it was worse in that it used a faulty psychology not only to explain absolute value, but also to find an exact quantitative relation between this and exchange rates. As a qualitative study therefore it erred seriously in tracing valuations entirely to sensation; it misunderstood the essentials of perception and judgment, of feelings and the ideals of men indissolubly bound together in the body politic. Furthermore, it could not avoid a vicious circle when it insisted upon reducing wants or prices to psychic states. Since these do not admit of measurement, the intensity of desire and order of preference had necessarily to be judged by prices paid, and this begging of the question was not mitigated by a resort to margins. The margins also needed explanation, and yet would remain a mystery forever in the light of the unbridgeable chasm between things and values or rights!

Today, then, economists should feel justified in asking: May objective correlations and measurements be substituted for the subjective ones which have proved such a dismal failure? Shall we fill the gap left by the disintegration of the old economic creeds? And if so, what method must be further developed to ensure us good results?

In speaking so candidly, we need not ignore other questions raised since the turn of the century. We may willingly admit the force of the time-honored argument for free will, or for the radical difference between a purely factual and an ethical treatment of socio-economic events. Such puzzles have a fascination of their own, to say nothing of their importance to the philosopher. But we may for present purposes waive them or consider them solved. Thus it seems incontestable

that for the *scientist* causation is no more than a particular, more or less arbitrary, way of stating the interdependence between events grouped into a law of nature. He merely admits the regular recurrence of events in groups more or less minutely analyzed, and then applies the term "cause" or "effect" to them according to angle of vision and practical needs. The human will is no proof of an exception to the postulate of determinism or of the uniformity of nature, so far as our scientific method is concerned. We may as human beings consider our wills a reality; but the statistician has strong reasons for believing our freedom to be limited. There is regularity in social events no less than in physical. The difference is one of degree, due to the greater complexity of the units correlated by the statistician; but causation surely exists here as elsewhere. Or perhaps we had better disregard causation altogether, and treat all events, social and physical, as sequences or coexistences merely, for this has the sanction of contemporary philosophers and scientists. Ethics, to be sure, is not a study of events as such. The line of demarcation between descriptive and normative disciplines is valid, provided we put on the one side ethics alone, and on the other the rest of our inquiries. With that understanding, we should grant the conflict between "is" and "ought," the cardinal difference of viewpoints which prevail in, say, economics and ethics respectively. No canon of an ultimate good can ever be derived from a discovery of laws or from a bare description of fact; they are worlds apart. But once we have agreed somehow upon a definition of the highest good we may divide men into good and bad, and likewise estimate happenings among men by a moral standard. In this sense economic data may be connected with ethical norms, the latter coming first and settling the issue directly or indirectly.

Granting the significance of such problems for present-day economists, our major task nevertheless is the question of the substitution of a new methodology of economics for the old, if economics is actually to remain a science—not that this is to be presumed beforehand. But it is at any rate reasonable to cast about for ways to test such a presumption. We may come to the realization, for instance, that in abandoning sensationalism and its attendant teachings of causality and induction we have also severed ties with statics and catallactics. It may appear that with the rejection of a few premises we have entered upon a new kind of qualitative and quantitative analysis. The most important point for future reference will probably be the decisive difference between the units of physical science and those studied by sociologists or economists; here, and not in prevailing psychological teachings, will be found the key to many of the questions now pending. If economics is to become a factual science, how can the data of a conceptual economics such as marginism serve any useful purpose?

If we are to work with a minimum of assumptions—or possibly with none at all—how may we hope to accomplish anything by formal deduction? If because of the incommensurability of psychics we are to find objective regularities for a law of price or productivity or income, what must be the scope of our investigations and our attitude toward a static view?

It is plain that, in parting from sensationalism and an abstract deductive discipline erected upon its foundations, we have committed ourselves to several novel duties. Instead of statics, dynamics must be used. To be more precise, we must supplement our short-time views by a long-time view, knitting the two together as parts of one analysis, or possibly under different headings. Events will be studied essentially as they occur in the real world about us, and not as isolated abstracts of human nature, or, worse yet, of functions mathematically equated. Correspondingly, the exchange mechanism itself may not suffice to tell the whole story. We may be prompted to go beyond catallactics in order to complete our qualitative analysis, or for the sake of finding more or less permanent relations of a quantitative character. Our methods of inquiry will thus be affected too. Deduction, for instance, may come to mean something different from formal logic, once we realize the difference between universals or classes and empirical data of a highly complex and variable make-up. Whether deduction and induction *are* the opposites that they have been made out to be is incidentally a question suggested by a critique of hedonistic sensationalism. In addition there remains the need of looking for quantitative regularities that will compensate us for what is lost in utilitarianism. The inward nature of statistical induction, the scope and technique of descriptive statistics, the selection and classification of materials to be correlated from the standpoint of a new concept of law and causation, of deduction and social science—here are topics calling for a careful examination and for hard work.

Whether in the end we shall conclude that a half-philosophical, half-scientific qualitative analysis is all that may be attempted; or whether we shall decide to apply different sorts of measurements to different subjects, no one may know beforehand. The uncertainty with regard to future developments is great. For some time indeed it will be true that economists are "terrible doubters" who accept nothing on faith. Yet that a unique situation exists today is patent enough. Whatever our beliefs, whatever our attitude toward either the critic or the conservative who would cling to what once was considered worth while, we may surely agree that we are on the eve of great events in economic theory. An unparalleled situation may lead to unparalleled achievements.

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SOME RECENT PROBLEMS IN PUBLIC UTILITY VALUATION AND REGULATION

SUMMARY

The two factors, the rate base and the rate of return. The rules governing the court and commission decisions in valuation cases, 606.—Mostly questions of opinion, 607.—Ambiguity of the term “value.” “Investment” a better word for the purpose, 608.—Suggestion for handling appreciation as income, 610.—Consideration of the rate of return. Three criteria proposed, 612.—Too much dependence on “judicial notice.” Other delicate problems, 612.—A summary, 613.

The public service commission which is called upon to settle the size of the street-car fare or the rate to be charged for gas must consider two factors: the rate base, that is, the “value” of the property devoted to the public service; and the rate of return which is to be permitted on the investment. A very perfunctory examination of the reports of the public utility commissions will show that the rate base has been established with great care in almost every case, but that the rate of return is fixed in a very offhand manner with little or no evidence to support the conclusion reached.

The rules or principles which appear to govern the courts and commissions in recent valuation cases may be briefly summarized under the headings used in the volumes of the *Public Utility Reports Annotated*.

I. In general. Every change in market prices does not necessitate a revaluation. This was the rule during and after the war, but now the courts have decided in at least one case that present prices rather than so-called “normal” prices should govern and hence that a revaluation should be made when values were substantially affected.¹

II. Powers and duties of commission. A commission must give not only its conclusions, but also the details of the process by which it arrived at them.

III. Ascertainment of value or cost. Some of the commissions think that the original cost is the best measure of present value, but the courts have ruled that the reproduction cost must be considered.

IV. Accrued depreciation. When accrued depreciation has not been reimbursed, some commissions do not deduct it from the rate base, while others do.

V. Appreciation. A “moderate” appreciation when clearly shown to exist and when no “unjust” rate would result, is practically always allowed.

¹*Public Utility Reports, 1922 B, p. 684.* (Subsequent references will be abbreviated thus, *P. U. R. 1922 B, p. 684.* This article is intended primarily for economists, not lawyers, and references will be given, therefore, only for a few controversial issues.)

VI. Non-physical elements affecting value. No set percentage of construction cost should be allowed for interest during construction, but an estimate should be made in accordance with the facts in each case. Although there is some divergence of opinion, it seems to be the rule to allow a reasonable sum for the cost of promoting and financing. Contingencies and omissions are allowed for by the Indiana commission on the ground that omissions are inevitable in the most carefully made inventory, but this is contrary to the rule adopted by most of the commissions. Discount on securities and brokerage must as a rule be amortized and not added to the permanent capital value.

VII. Items and expenses chargeable to capital. In one peculiar case expenses of a law suit about a right of way were charged to capital.¹ Work under construction is ordinarily excluded from the value on which the company is permitted to earn, on the ground that interest during construction will form part of the capital value of the new property.

VIII. Valuation of particular kinds of tangible property. Property not used or useful is, of course, excluded, but the interpretation is liberal, so that property reasonably likely to be used in the near future is not excluded and some value is allowed for superseded or obsolescent property, if it is used at all or if it has not been paid for by the public through a depreciation allowance. The appreciation in the value of land is allowed in the valuation of public utilities. As for working capital, the rule has been to relate it to the amount of the expenses between times of income receipt. If advance payments by customers are sufficient to meet these expenses, no allowance is made to the company for working capital.

IX. Valuation of particular kinds of intangible property. It is very generally recognized that an allowance must be made for "going value." This allowance is determined by what is called the Wisconsin method, that is, by assuming that the going value is equal to the "unrequited early losses."² However, the New York Public Service Commission, 2nd District, denies the existence of going value in the case of an unprosperous concern.³

A few of these principles are merely the answers to practical questions, such as: how much working capital does this business need? Most of them, however, fall into a distinctly different category. They are questions of opinion, judgment, or bias. The most important of these is: which cost or costs must be taken as the measure of value for rate-making purposes? The commissions, as the guardians of the public interest, are inclined to choose the lowest, just now usually the

¹*P. U. R. 1920 B*, p. 37.

²*P. U. R. 1920 B*, p. 813.

³*P. U. R. 1920 C*, p. 264.

original cost; the companies seeking the highest possible base are better suited with the cost of reproduction during the present period of high prices; the courts as the protectors of private property lean strongly toward the reproduction-cost method. Yet, as has been noted above, there was an almost universal refusal to accept war prices as a basis for the computation of rate bases. The courts sought normal prices in five to ten year pre-war averages. Now with the persistence of the high prices this error is less frequent, but still the public utilities suffered from it through the whole war period. This war experience has revealed one of the greatest weaknesses of our present method of regulation in a glaring manner. The system is too inflexible. Revaluations are expensive and slow. The corporation is quite likely to be in the hands of the receiver before the commissions and courts realize that the value of the dollar has changed.

A second place where opinion is given free rein is in the allowance of appreciation. A "moderate" appreciation is to be allowed when no "unjust" rate will result, it is said. Does this really mean anything? If it were known what an unjust rate would be, it would be unnecessary to bother with the valuation at all.

The third question of opinion to be considered here relates to the allowance for going value. It has been definitely decided that there is such a thing as going-concern value different from good will. Furthermore this going value must be allowed for. In a manner quite inconsistent with the cost-of-reproduction method used for the valuation of the rest of the property the commissions and courts have estimated the going value as equal to the unrequited early losses. This is the actual cost method, but when a concern has never had the good fortune to become prosperous, the New York commission, at least, refuses to believe that there is any going value there. By a strange paradox, if a company has prospered from the first and has never had any early losses, it also is quite without going value.

As a consequence of this freedom of opinion in determining several of the elements which enter into the rate base, much uncertainty and risk is brought into public utility investment. For this risk the investor must be compensated. This means that in the long run the public will be called upon to pay in higher rates for the vagaries of the courts and commissions and that in the mean time the investors will feel aggrieved and the public service will suffer.

The primary cause of trouble in the determination of the rate base is the ambiguity of the concept of value held by the courts and commissions. This is the result of the survival of the classical economists' doctrine that the ultimate standard of value is cost. The inadequacy of this standard was realized by the classical economists themselves as regards what they called monopoly goods, that is, goods which are

not readily reproducible. Nevertheless, they thought that nearly the whole range of economic goods came under the law of cost. It is not necessary to show here that the only cost which can be proved to be related to the value of an object is the money cost and not the labor cost. If value could be shown to be equal to the money cost under free competition, then cost could fairly be taken as a measure of value for the public utility, but it must be noted that some of the most troublesome problems of public regulation relate to the valuation of land, which even the classical economists would not have thought of as subject to the law of cost. The value of land can be explained only by a consideration of its future uses. When the word "value" is used in rate-making cases, it is almost impossible to avoid reasoning in a circle. The more exact the use of the term becomes, the less appropriate is it in such cases. In regard to unprosperous concerns it is argued that no going value can exist; why does it not follow that in the case of very prosperous concerns a very great going value exists, as the earnings have quite clearly been made the criterion? The truth is that value depends on estimated future earnings or uses and the most rigorous attempts to avoid the thought are unavailing. Some of the commissions have realized this ambiguity in the use of the term and have referred to value in the ordinary sense of the word as market value, with the statement that the value for rate-making purposes was something different from market value. Others have decided to abandon the term "value" in favor of "fair amount," and the courts have held that this is a permissible substitution.¹ However, the expression "fair amount" seems incomplete and if it implies "fair amount of value," as clearly it must, then little is gained by the substitution.

Since the term "value" should be rejected on account of its ambiguity and "fair amount" is not much better, another expression must be found which will be simple and exact. "Investment" is such a word. It conveys exactly the proper meaning and has the advantage over "fair amount" of not needing a special explanation whenever it is used. It plainly indicates the historical nature of the thing which is to form the base for rate making. It refers to what the investor has put into the property. The very use of the term creates a presumption of fair dealing. A fair return on his investment is all that any man can reasonably ask of the public.

Many benefits would result merely from the general adoption of this term. The investment is a fixed quantity until the investor changes it either by putting more money into the business or by retaining part of the earnings in the business. A definite rule would be established which would not fluctuate with the reasonableness of various individuals who have the privilege of choosing between the numerous and conflicting

¹P. U. R. 1920 C, p. 326.

alternatives of the famous case of *Smyth vs. Ames*, where it is stated that, in finding the fair value of the property being used for the convenience of the public, "the original cost of construction, the amount expended in terminal improvements, the amount and market value of its stocks and bonds, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses are all matters for consideration and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property."⁶ Though it is true that, as a matter of fact, the authorities have pretty well settled down to the use of the cost-of-reproduction-less-depreciation method, still there is enough of uncertainty about it to add considerably to the risk in public utility investment. The removal of this risk would improve the position of the public utility securities on the market and enable the commissions to lower the rate of return without injustice to the security holders, for the capital value of their holdings would not be impaired.

Along with the use of the term "investment" would come naturally a more rational method of handling appreciation. One writer has suggested that once a value has been fixed upon, it should be considered that this value is the investment in the property and that no appreciation will be added to this in later years.⁷ He feels that the public would then get the benefit of the so-called unearned increment in land values. He claims that the investor would not be injured because he would know when he made his investment that no appreciation was to be allowed. Even if this suggestion were feasible, it would not be desirable. There is a better and simpler way and one more likely to be generally adopted when it is understood. The difficulty with the present method of treating appreciation is not that it recognizes the existence of appreciation but rather that it does not anticipate the appreciation in fixing the rate of return. It seems to be customary to fix a rate of return absolutely without regard to any increase in value of the property and then when the property comes up for a revaluation, a considerable appreciation is discovered which has never entered the income accounts. If appreciation can increase the capital value of the plant, then it must be income and should be treated as such. No one hesitates to call depreciation an expense merely because it does not involve a cash outlay, and no one should hesitate to call appreciation an item of income merely because it is not a cash receipt. The objection may be raised that this plan results in burdening the public with the payment of a return on a huge "unearned in-

⁶*Smyth vs. Ames*, 169 U. S., 46. Opinion delivered by Mr. Justice Harlan.

⁷Robert James McFall, *Railway Monopoly and Rate Regulation*, pp. 145-149.

crement." The answer to this is that the plan here proposed removes the "unearned" part of that accusation, for the returns obtained by the company from earnings would be diminished by the amount of the appreciation. Furthermore if the property became too valuable for the public utility use to which it was being put, this should be known so that a change could be made. A proper valuation of property is a guide for the economic use of the property. Finally it is inevitable that the courts will insist on the allowance of appreciation and the wise guardian of the public interest will recognize this early enough to take the appropriate measures in fixing the rate of return on this basis.

After it has been admitted that appreciation should be considered in rate making, it becomes necessary to examine more carefully into the nature of appreciation. There are at least three distinct sorts of value changes which enter into the problem. They are the long period changes in the value of money, the value phenomena of the business cycle, and the changes in the value of particular goods occasioned by special conditions governing their relative scarcity. From 1896 to May, 1920, we had continually rising prices and a depreciating dollar; this gave a nominal appreciation in many cases where no real appreciation existed. This fictitious appreciation is not the kind of appreciation which is to be treated as a form of income. Nevertheless even this kind cannot be neglected. The size of the value measuring stick has changed and the public utilities should not be expected to stand aside and say that a fifty cent dollar is the same thing as a hundred cent dollar. The amount of the investment should be expressed in terms of the present dollar. The only feasible method of doing this would be to take some official index number of wholesale prices, such as that of the Bureau of Labor Statistics, as an indicator of the value of money. When this showed that the value of money had gone up or down, the figure representing the investment would be made to fluctuate by a like percentage. Increases made in this way should not be counted as appreciation, nor decreases as depreciation. If these numerical revaluations or recomputations were made every year, the cyclical fluctuations would be taken care of as well as the long-period changes, but it might be better to attain justice in the shorter periods by flexibility in the rate of return allowed.

The third value change, the change in the value of particular goods occasioned by changes in the conditions governing their relative scarcity, is the only one which produces true appreciation. When the value of land increases because of the growth of population, and the value of timber increases because of the depletion of the forest reserves and also because of the growth of population, this value increase constitutes a real appreciation and should be treated as income in the manner described in a previous paragraph. This is not a discussion of account-

ing methods, and therefore no attempt will be made to describe in detail the computations necessary to make these principles effective.

So far the discussion has been concerned chiefly with valuation or the rate base. The rate of return deserves some special consideration. The following quotation from the decision of the Arizona Corporation Commission, delivered April 13, 1922, is a fair example of the way in which the rate is too frequently decided upon:

We are of the opinion that 9 per cent of the value found for rate-making purposes may be accepted as a measure of reasonableness of net operating revenues without prejudicing rates on one hand, and without discouraging enterprise or placing restrictions in the matter of securing new capital on the other.⁸

In this there is absolutely no intimation of the method of arriving at 9 per cent as the rate satisfying the conditions set. The commission was "of the opinion" that this rate satisfied the conditions.

Other commissions have been more explicit. Three criteria have been proposed: the rate generally deemed reasonable by courts and commissions; the rate earned by other similar enterprises; and the rate at which capital can be secured in the money market. The first of these could hardly be said to have any value except as confirmatory of a judgment already reached.

For this purpose it is introduced as in the decision of the Indiana Public Service Commission of January 26, 1922:

A reasonable return, under conditions that exist today, is not less than 7 per cent. Most courts and commissions hold that 8 per cent is a reasonable return.⁹

The second and third criteria are both involved in the decision of the West Virginia Supreme Court of Appeals of December 14, 1921:

It is argued that the rate of net return ought to be sufficient to induce capital to engage in such public enterprises. . . . Is not 6 per cent net, clear of taxes and all operating expenses, including a sum equal to 2 per cent for depreciation, as good or better than returns from most enterprises of a similar character?¹⁰

In another opinion delivered on the same day the court (Lynch, J.) says:

As it seems to me, a return is not reasonable when limited to interest upon indebtedness and a mere dividend on stock without allowance for the additional risk assumed and entailed in a public business.¹¹

The one thing that stands out clearly in all the decisions is that they depend upon "judicial notice" of the facts of business altogether too

⁸*P. U. R. 1922 C*, p. 670.

⁹*P. U. R. 1922 C*, p. 377.

¹⁰*P. U. R. 1922 C*, pp. 85, 86.

¹¹*P. U. R. 1922 C*, p. 573.

much. Evidence should be presented not only of the local rates for money but also of the rates in New York, particularly if the company is large enough to float its securities there. There are a number of delicate problems concerning the reward to be given the well-managed company, the influence of the proportion of stocks and bonds on the credit of the company and the rate of return needed, and the desirability of consolidation of public utility companies as warranting lower rates of returns. These cannot be solved within the limits of this paper. All that is insisted on here is that definite evidence should always be introduced to fix the rate with the greatest exactness possible, for a little difference in the rate is equivalent to a very considerable difference in the rate base.

It is believed that the changes which have been suggested in this paper would result in the simplification of the problem of public regulation and improve the credit of the public utility companies to the benefit of the public and the satisfaction of the conservative investor. The amount of the investment would not vary with the whim of courts and commissions. Appreciation would not be a troublesome issue. Real appreciation would be allowed for without injustice to the public or the company. The rate of return would be established by scientific study of the security market and not by guess.

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THE COURSE IN ELEMENTARY ECONOMICS

What shall be done with the course in the Elements of Economics? Here is a question so much discussed in recent years that it might well seem difficult to add any new or original ideas. After a number of years of rather varied experience in the teaching of the Elements or Principles of Economics, however—to freshman, sophomores, juniors, seniors and graduates; to majors and non-majors; to college students, commerce students, agricultural students, law students, engineers, foresters, veterinarians, and different assortments and combinations of these—the writer ventures to formulate some tentative conclusions, in the hope that they may be suggestive, if not otherwise valuable. These conclusions are, briefly, that the course in Elements or Principles of Economics, instead of being the first course in the schedule, or nearly the first, and prerequisite to the other courses in economics, should come late, preferably in the senior year, and should be preceded by most of the other courses in economics. Perhaps it would be better to say that Elements of Economics should be eliminated, and, in the senior year, a substantial course in the Principles of Economics should be given.

A distinction must be made between majors and non-majors, or between those who are specializing in economics or commerce and those who take only one course in economics. Neither class of students should take the Elements or Principles before the junior year, however. The course is difficult enough, even for juniors, if they have had no other work in economics, but it is not impossible. The writer has taught Principles of Economics to junior and senior non-majors for several years, and finds it a fairly satisfactory course. Many of these students have considerable information in history, sociology, government, and in the sciences, which they can bring to bear upon economic questions. Most of them have a sufficient background of facts and sufficient maturity to enable them to understand the Principles fairly well.

For economics majors, or for students in schools of commerce or business, the course in Elements or Principles of Economics, as ordinarily presented, serves mainly as a preliminary bird's-eye view of the general field, covering largely material which is treated in detail in later courses. The table of contents of almost any of the texts in common use follows very closely the schedule of courses given in the average department of economics.

The question arises here: why should students cover economic history, or business organization, or railways, first superficially, in a chapter or two in Ely or Seager or Clay, then thoroughly, in a specialized course, a year or two later? Students do not need to spend five

hours of their college curriculum just to get an idea as to what economics includes. This they can learn from the table of contents of any good textbook, or from the university catalogue. It is very doubtful whether most students do their later work better for having covered it briefly in the course in Elements. Some students probably gain something, but some of them actually lose. Some of them take up later courses with less freshness and vigor than they would if they were entirely unfamiliar with their content, for the same reason that freshmen who have had economics in high school do no better work in the college course in Elements than freshmen who have had no such course, or for the same reason that those graduate students at Harvard or Yale who have done graduate work elsewhere do not do notably better work than those who have done no previous graduate work, or often do even poorer work. If a brief summary of the field of economics is to be given at all, it should be given at the end of the college schedule, rather than at the beginning.

Most students do not have time to take courses in all the various fields of economics, however, and the course in Principles serves the further useful purpose of filling the gaps in the students' schedules. As far as it serves thus as a "gap-filler"—if that awkward term may be used—it should obviously come late in the college schedule. In the senior year, when the student has finished most of his work, he at least knows what are the gaps or weak spots in his training and can fill them far more intelligently than he could earlier. Furthermore, he will do this work much better, and so will leave college with a better balanced economic training than he would if he had done the work earlier. Thus the student who for some reason does not get a complete course in Labor Problems will have a vastly better understanding of that field, if he studies it in Taussig or Marshall in his senior year, than if he studies it in one of the more elementary texts in his freshman or sophomore year. The gap-filling course should come late.

The most serious hiatus in the average student's training is found in distribution. Most economics majors get little in this field except what they find in the course in Elements or Principles, because few of them take the later course in Distribution of Wealth. Now, as far as the course in Principles is a discussion of the problems of distribution, it should certainly come in the senior year. The problems of distribution are among the most tangled, complex and many-sided to be found in economics, and require perhaps a broader basis of information and experience and sounder judgment than any other set of problems in the whole field. Freshmen or sophomores wrestling with the problems of value, marginal and specific productivity, trade unionism, the adequacy of the present economic system, socialism and the single tax, before they are permitted to study Economic History, Railroads,

Marketing, Business Organization, or Banking! How could the student have an intelligent idea as to the adequacy of the present economic system, for instance, before he knows anything about that economic system? How much will he understand about socialism, when he has so little notion as to the adequacy of the system it is designed to improve? Is it not clearly expedient for him to take first those descriptive courses which give an idea of the economic system as it is, and then consider the question of the justice or injustice of that system?

Altogether the course in Principles is the most difficult course given in most departments of economics, for it covers ten to twenty times as much ground as most other courses. One of the most popular texts, for instance—and one of the most teachable—presents, in 750 pages, the following array of topics: economic history of England; economic history of the United States; production; consumption; business organization; corporations; monopolies; money; credit and banking; international trade; protection; value; distribution, including the problems of rent, wages, interest and profits; labor problems; labor legislation; railroads and transportation; insurance; agricultural problems; socialism; public finance; and history of economic thought! Almost any of the subjects enumerated makes a fairly difficult course in itself, yet the freshman or sophomore is supposed to be able to get some sort of understanding of each in a day or two, or perhaps a week. Something he will learn, if he has reasonable ability and industry, but he will have mostly very superficial ideas, and will fail to grasp the essence of many of the problems considered. Many teachers of the Elements probably exaggerate the amount that underclassmen really understand. The students learn by rote some definitions of utility, value, margins, rent, laissez faire, etc., but frequently have little or no idea whatever as to the real meaning of these terms. The writer has often been astounded, in teaching advanced theory classes, to see the grotesque ideas, or lack of ideas, that students have carried away from the class in Elements. Since the students do not get a clear grasp of much that they cover, they forget quickly. Anyone who doubts this is invited to try giving one of the examinations in the Elements to a class of seniors, two or three years after they have finished the course. Such an examination will not only show how little the students finally retain, but will also throw some light on the question as to how much the course in Elements aids in the understanding of later courses. What the students have forgotten they obviously cannot have been using much.

It is sometimes assumed that the course in the Elements or Principles is a sort of key to the later courses, that it serves as a foundation for the proper understanding of the later work. On that theory it is generally made a prerequisite to later courses. As far as it is a sum-

mary of the other courses in economics, it doubtless has some value, but as far as it is a treatment of the problems of distribution, or an effort to bring the various branches of economics into a unified whole, it should not be considered a foundation for later work. The truth is exactly the reverse. The later courses are the absolutely essential foundation for a good grasp of the Principles. The Principles is the superstructure, and it should be established on a solid foundation of facts from economic history, commercial geography, statistics, business organization, corporation finance, money, banking, and other courses.

It has been suggested that the course in the Elements gives students a knowledge of principles which they will be able to apply in later work. But students do not grasp principles without having the data and facts which prove or illustrate these principles. The principles and the facts should be given at the same time and in the same course, for only thus will the principles be understood, or the facts have any meaning. The place to consider theories of crises is not the course in Elements, where little but the theories are given, but the course in Money and Banking, where the history of crises and other data will give the theories some meaning. The place to treat theories of wages is not in the Elements, before the student knows anything of the history of labor, but rather in the course in Labor Problems, in connection with historical and other data that may illustrate those theories. Perhaps the best place to consider the advantages of large-scale production will be in Business Organization, and not in the Elements, where only a skeleton summary is presented, and memorized by the more industrious students. A rather large share of many textbooks in the Elements is taken up with summaries of historical facts and principles so brief as to be almost meaningless.

There is no separate body of economic truth which can be carved out and designated "principles." There are principles of various kinds, it is true, underlying all economic phenomena. Some of these principles relate to money, some to banking, some to land problems, some to marketing, some to labor, some to transportation, some to each of the various branches of economics; and they should be treated in their proper connection, and not in any dis severed course in the Elements or Principles of Economics. Similarly, there is no separate body of economic truth or doctrine that can properly be called "economic theory." There are theories of all kinds, just as there are principles of all kinds, but they should be considered in connection with specific problems, and not in a separate course. Courses in "economic theory" have always seemed to the writer badly named, to say the least.

The Elements of Economics is not properly a foundation for later courses, and in some respects it is actually misleading in its relation

to most later courses. Some of what the student learns in the Elements he must promptly unlearn before he can go on intelligently. For instance he learns certain definitions for land, capital, and entrepreneur, with the incomes rent, interest and profits—in fact, a fair share of his elementary course is built up around these concepts. When he gets into Business Organization, Accounting, Banking, Corporation Finance, Railroads, or some other succeeding courses, he finds that the definitions he learned do not apply. In these courses capital is not instruments of production; land is not all the gifts of nature, but the surface of the soil; interest is not the income accruing from the use of capital, but the income from a loan of money; rent is paid for buildings as well as for land; distribution, in the later course in Marketing, refers not to income but to oranges and potatoes. Many of the definitions used in the Elements most students never see again in any later course, because most students do not take Economic Theory or Distribution of Wealth—the only courses in which those definitions reappear.

There is plenty to do in the earlier years of the college course, without the work in Elements of Economics. Languages and mathematics are done better by freshmen and sophomores than by upperclassmen; and some history, political and economic, and political science, should be included, with whatever sciences may be regarded as broad training. These, with two or three of the easier courses in economics, will not leave the underclassman much time to fret over theories of distribution.

Most departments of economics, nevertheless, follow the plan of giving an all-inclusive course in Elements or Principles to freshmen or sophomores, and make this course prerequisite to most other work in economics. This arrangement can probably be explained, if not excused, by the power of academic tradition. Not many decades ago, only one or two courses in economics were given in most universities—Principles of Political Economy, and perhaps one or two other courses. New courses were gradually added to the curriculum, but the course in Principles was retained as a fundamental introductory course. As long as there were only a few other courses, there was justification for a broad course in the Principles, even if there was little reason for making it the first course; but when enough advanced courses were added to cover the entire field of economics, the course in Principles represented little but duplication. It was not changed much, in character or in scope, as the other courses were added. This is revealed by examination of some of the textbooks used in the United States during the past half century or more. Wayland, Bowen, Amasa Walker, Perry, Meservey, Newcomb, Macvane, Osborne—all cover somewhat the same general ground. Wayland's *Elements of Political Economy*, published in 1837, strikingly resembles many recent texts.

John Stuart Mill's *Principles* is not very different from many texts now in use, except that it is somewhat superior to most of them.

College work in economics should of course bear some relation to the work given in the high school, and in this connection another reason appears why the course in Elements should not be given to underclassmen. There is a fortunate tendency toward the introduction of more of the social sciences in high school, preferably in the last year. It need not be given again in college a year or two later. One argument sometimes urged in favor of giving it early in the college course, to sophomores, or even to freshmen, is that it reaches more students then. A course in the last year of high school, however, reaches several times as many boys and girls as a course in college. Furthermore, it will perhaps be conceded that our college curriculum should be fashioned largely to meet the needs of those who follow through to graduation, rather than for those who fall by the wayside, for the fit rather than for the unfit. This assumes a four-year high school course, but that is almost universal in most states in the Middle West at the present time. If junior colleges should be established in large numbers, the college curriculum must of course be changed.

There has been a widespread appreciation of the fact that underclassmen do not have the basis of information necessary to a thorough grasp of the course in Principles; and at least twenty institutions have provided one or two, or even as many as three courses, to precede the Principles and lay a foundation for it. The courses most commonly prescribed are largely historical or descriptive—Economic History of England, Economic History of the United States, Commercial Geography, Commercial Industries, Economic Resources, American Economy, The Economic Order, Modern Economic Life, Industrial Society, Industries and Commerce, Descriptive Economics, etc.

This movement is in the right direction, but it does not go far enough. If it is clearly and entirely absurd, as many economists would say, to teach Principles of Economics to freshmen, because freshmen lack historical and factual background, it is only slightly less absurd, let us say about 33 per cent less absurd, to try to teach sophomores these principles after a descriptive or historical course or two. Or, to put it in another way, if the postponement of the course in Principles for one year and the injection of one or two prerequisites noticeably improves the students' chances of getting an intelligent grasp, as it undoubtedly does, is it not fair to assume that a postponement of another year or two, and the introduction of more prerequisites would further improve their chances? It does exactly that, in the experience of the writer. The difference between juniors or seniors and sophomores is just as great as the difference between sophomores and freshmen; and this difference is more important in the study of the Principles than

in the study of any other course in economics. Sophomores handle the largely descriptive work of a course in Marketing, or Commercial Geography, or Economic History nearly as well as the students of the next year, but they do not do Principles nearly so well. To those teachers of economics who have never taught Principles to juniors and seniors, the writer ventures to suggest a year's trial of such a course as one of the pleasantest tasks that the teaching profession affords.

The course in Principles should not follow absolutely all other economics courses, to be sure. Such courses as Modern Economic Reform, Socialism, or History of Economic Thought, should follow the Principles, or at least should be taken along with it. Students should have a thorough grasp of economic physiology before they attempt economic therapy.

The argument has sometimes been offered that if the course in the Elements is too difficult for underclassmen, it should and can be simplified; that the trouble is with the manner in which the course is given. It is doubtless true that something can be given to sophomores or even freshmen which they can understand, and this something can be called Principles of Economics, but it will be mainly something else. The principles of economics are not simple, and cannot be made simple. The factors involved are often very complex, variable and should be weighed with mature judgment. For instance, take the question of Fisher's compensated dollar. The writer recalls a meeting of the American Economic Association where this was discussed by some of the ablest authorities on money in this country, yet there was the widest divergence of views, not only as to its practicability, but even as to the manner of operation of such a scheme. If we charitably assume that some of the economists understood the question clearly, we shall have to concede that an approximately equal number—those of opposing views—did not know much about the question. Yet Ely's *Outlines* simplifies the matter in a little less than a page. Economic questions and economic principles are not simple, and any attempt to make them simple is sometimes a misrepresentation as to their real character. Some of the most successful "simple" textbooks have been largely descriptive, and this sort of work is excellent, if, as in the high school, it is the best that can be done. If the course in Principles is mainly a superficial hodge-podge of descriptive material, as it is in some textbooks which are commonly used, it is merely a duplication of work which the student does later.

From still another angle we may see the wide scope and difficulty of a course covering the entire field of Economics. How many professors of economics are well grounded in all or even in most of the branches of the subject? Doubtless most of them are well enough schooled to teach a group of sophomores, for underclassmen are tolerably gullible;

but there are not a half-dozen economists in the United States of broad enough information to write a scholarly and adequate text comparable with, let us say, Taussig's *Principles of Economics*—and Professor Taussig would doubtless admit that his text has its weak chapters. Ely's *Outlines* is the work of four men, and it has its weak chapters. All of the textbooks in common use are weak in spots, because the writers have been unable to cover so much ground and do it all well. A field so broad and difficult that not even veteran economists have been able to cover it satisfactorily in a textbook is obviously a pretty stiff job for a freshman or sophomore.

One reason for believing that the preliminary survey course is bad pedagogy is that it is being discarded in some departments other than economics. The writer calls to mind several departments at the University of Kansas which formerly offered introductory general courses for their major students, but have now dropped them.

There are, it is conceded, a number of valid arguments for giving the Elements in the first or second year. The course reaches a larger number of students than it would if given later; it is more valuable than most other courses to those students who leave school at the end of a year or two; it aids the students to see the nature and scope of the field of economics early in their college career; it gives them a few principles which aid them in later work; it serves to some extent as a sifter for the elimination of students who have not the ability to pursue work in economics; and it serves as an excellent training course for the younger instructors, giving them a chance to teach the broader principles of economics before they specialize too much. All of these arguments have their force, but they are not important enough to justify the present scheme.

In working out a more satisfactory schedule, the courses in Economic History present a rather puzzling problem. A course in Economic History as ordinarily given, has somewhat the same faults that inhere in a course in Principles. It covers too much, and it often leads nowhere. Perhaps it would generally be admitted that history is valuable only as far as it aids in the understanding of present problems, yet Economic History is often a detached study, with little obvious bearing on present problems. Such a course is likely to cover a vast field: history of agriculture, history of land policies, land tenure, labor, manufactures, industrial development, railroads, shipping, canals, roads and transportation, money and banking, tariff, etc.; and of course there is not much time, in a three-hour course, to tie all this matter down to present problems. In other words, an immense mass of historical facts is dumped upon the student, in the serene hope that he will stow it away and find it useful some day. This is not entirely unprofitable, for the student will very likely find use for some of it

before he forgets it. Probably, however, these historical data would be more useful in the solution of present problems if they were presented directly in connection with those problems. For instance, perhaps the place for consideration of the history of transportation is not in a course in Economic History, but in the course in Transportation; perhaps the place for history of money and banking is not in a detached course in Economic History, but in the course in Money and Banking. As a matter of fact, a course in Economic History is largely duplication of work which is given, and absolutely must be given, elsewhere. It is not possible to treat money and banking intelligently without the history of money and banking, or transportation problems without the history of transportation, or land problems without the history of land tenure, or tariff questions without the history of the tariff. The writer does not mean to offer any objection to the study of economic history in general, for a good knowledge of economic history is absolutely essential to clear economic thinking. The point is merely that an introductory course in Economic History, although valuable, involves a great deal of duplication, and, like the introductory course in Elements, is perhaps not the most profitable use of the students' time.

The lines of demarcation between courses should be changed. In the past, the assumption has been, to some extent, that lines should be drawn between the principles, the history, and the problems themselves. That is, principles should be studied in one course—the principles governing transportation, land problems, money, banking, tariff, labor problems, etc. Another course, or group of courses, entirely separate, was designed to cover the history of transportation, land problems, money, banking, tariff, labor problems, etc. Then a later, third group of courses was supposed to take up the problems themselves. In this third group of courses it was necessary to take up again the history and principles directly pertaining to the particular problems, but the general course in Principles, and perhaps also the courses in Economic History, still stand as relics of an outgrown system—partly unprofitable duplication. Possibly the course in Economic History should be retained, since it has been well organized in most universities, but it should not duplicate too much of the work given later. A great many problems arise here regarding the organization of other courses and the adjustment of the different courses to each other. Some courses and schedules of courses have “just grown,” and a complete overhauling would in many cases, secure a more effective use of the students' time. All this, however, is beyond the scope of this paper.

In conclusion then, a four-year course in economics or commerce should begin with work in Industrial and Commercial Geography,

Accounting, Business Organization, Marketing, perhaps Economic History or other similar courses. These courses are largely descriptive or at least reasonably concrete, are probably easiest to understand, and some of them can be taught at less expense than Elements or Principles, because they are better adapted to the lecture method. With these should be taken whatever languages, mathematics and sciences may be deemed useful. Following this should come more difficult specialized courses: Money and Banking, Railroads, Foreign Trade, etc.; and in the senior year a substantial course in the Principles of Economics should be given. If, with readings from various authors, a fairly comprehensive text is used, it will not only serve to bring out the broad social problems, especially those of distribution, and to draw together the loose ends from the scattered work of the preceding years into some sort of a connected and logical synthesis, but will also serve to fill in, even if in no great detail, some of the gaps in the students' training. One great gain accruing from this arrangement is that, when the student graduates, some of the freshest and clearest impressions that he carries out into his business life are, not those connected with accounting or investments or other business or "money-getting" courses, but rather the great questions of distribution and social welfare, whose understanding means intelligent citizenship; or, if the student chooses to take graduate work, he is better grounded for the specialized work of a graduate course than he would be if he had taken his Elements two or three years earlier.

It may not be amiss to point out that at least two universities have arranged schedules somewhat in accordance with the ideas expressed here. Stanford offers a course in Principles of Economics, which is required of all economics majors and must be preceded by 80 units of University credit. At the University of Kansas a similar course—called Advanced Principles—is required of all major students in their senior year, while underclassmen are advised not to take the course in Elements. Several years' experience in teaching Elements to underclassmen, Principles to junior and senior non-majors, and Advanced Principles to senior majors, has led the writer to the unorthodox views expressed in this paper. The fact that these views are contrary to those held by most teachers of economics establishes, it is admitted, a heavy presumption against their soundness, but it is hoped that the presumption against these views is no stronger than the case that stands against the Elements of Economics as taught in most universities of the country.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Principles of the New Economics. By LIONEL D. EDIE. (New York: Thomas Y. Crowell Company. 1922. Pp. x, 525. \$2.75.)

The main object of this book is to correlate the more recent developments in economic thinking with the principles formulated by the older schools of economists. The treatment is mainly psychological. The author has expanded somewhat the work already done by Carleton Parker, Whiting Williams, and others. Mr. Edie believes that there are a considerable number of schools of new economic thought. It is his task to elucidate the fundamental unity which he believes exists. The common element in the new economic thinking he discovers in the field of psychology; the whole book is thus either purely descriptive or a study in applied psychology.

The first part of the book is entitled "Economic Psychology." In the main it is a discussion of human instincts amplified by a goodly number of examples drawn from our common economic life. The second part is a discussion of economic institutions and functions. Here there are extended chapters on: The Scientific Basis of Economics; Labor, Its Part in Production; Capital, the Rights and Duties of Ownership; Management, Its Technique and Responsibilities; Markets, Their Principles and Strategy; Money and Credit, Their Service and Dangers. The third part is devoted to public control, economic radicalism and economic democracy.

After reading the book one is in considerable perplexity to know whether it is a treatise on applied psychology or a textbook in elementary economics. If it is the latter there are certainly many important omissions. Presumably the object of a text in economics is to explain the important features of our present day economic order and to examine the principles on which such order is based. There is no attempt to discuss rent, interest, or profits. Wages are dismissed with a mere description of four wage theories, and a considerable analysis of the psychology of laborers. Eighty-five pages are given to the subject of markets, but only six pages are devoted to the theory of prices and even this is meager, general and unsatisfactory. The purpose of the book as indicated by the title is to present principles and yet, outside of a psychological viewpoint, the primary principles of our economic régime are surprisingly ignored.

To take one illustration among a number which might be selected: the chapter on Labor, Its Part in Production, deals considerably with social effects, such as fatigue, monotony, industrial accidents, and long hours. In all this the human cost of industry is elaborately empha-

sized. A great deal is said about the labor problem, but there is little effective analysis of the underlying factors which determine wages. The chapter is an interesting discussion of labor ideas, the psychology of the laboring class, and also a suggestive outline of many of the descriptive phases of the labor problem itself. The section on immigration (pp. 157-164) is not a critique of the relation of immigration to wages and the labor market, but rather a brief description of all aspects of immigration ranging from the causes, types, and economic status to policies, Americanization, and government regulation.

There are a number of minor faults; I should judge that fully one half the book is quotations taken from other authors. Selecting at random ten pages, 160-170, I find seventeen quotations varying in length from two lines to half a page or more. Without doubt this shows excellent editorial work, but such an extensive use of quotations would seem out of place in a book of this character. The bibliographies at the end of the chapters are ample, but there is a failure to place the references in alphabetical order, and to indicate at all the relative value of the works. In some places there are significant omissions of the best books. Factual errors are found in a number of places, as on page 468, where the date of the Addystone Pipe Company decision is given as 1904 rather than 1899, and the Northern Securities decision as 1905 instead of 1904.

As a matter of social perspective and psychological viewpoint the book is reasonably satisfactory, but as an economic analysis it is far from being adequate. It is very readable and interesting from start to finish; on the whole it is free from bias; and it does present to economists in a suggestive way the importance of using data made available in psychology. The best part of the book is that on economic adaptation, part III, which is treated in an impartial and sympathetic way.

EVERETT W. GOODHUE.

Introduction to Economic Problems. By JAMES DYSART MAGEE. (New York: Charles Scribner's Sons. 1922. Pp. iv, 363. \$2.50.)

Written to provide a basis for opening up the discussion of economic problems in the second semester's work in elementary economics, this book presents a wide range of problems in compact form. It is designed particularly to follow Professor Turner's book, *Introduction to Economics*. The purpose is twofold: first, "to illustrate and enforce the economic principles studied in the first course," and, second, "to provide up-to-date facts and discussions of the economic problems concerning which the student should develop opinions." Its treatment is descriptive rather than critical.

In all, nineteen different topics are considered, including most of

the conventional economic problems. There are chapters on marketing, business cycles, socialism, labor organization, social insurance, transportation, trusts, the tariff, federal reserve system, governmental receipts and expenditures, unfair competition, and foreign trade and foreign exchange. The chapters vary very little in length, the main headings and sub-headings are clearly indicated, and the method of presentation is uniform throughout. At the end of each chapter is a set of questions which is designed to stimulate the thinking and independent judgment of the student, and which also serves as a guide to the teacher in the presentation of the text material.

As a clear, descriptive, non-critical exposition of the various topics the book is eminently successful. It is well adapted to the use of students where a very simple, brief, and untechnical statement is desired. There is little in the book, however, which would stimulate the critical faculty. For students who have spent half a year in the study of the principles of economics as developed in most of our standard texts, this book would perhaps be too elementary, as much of the treatment is extremely naive and inconsequential. Take for example chapter five on The Operation of the Federal Reserve System. There is a very short and far from satisfactory statement of some of the important features of that system, but nowhere in the chapter do we find any reference to a problem or a set of problems which relate to the operations and functions of the federal reserve banks. It is the kind of analysis which one would expect to find in any very elementary explanation of the system. Most of the other topics considered in the book are open to a similar criticism.

Something must be said, however, for a clear, concise statement of the main facts at issue. There is a place for such an arrangement of data unaccompanied by any comment, for once the facts of the case are placed before the student we may trust to his good sense and judgment to formulate an intelligent opinion. The descriptive portion is in the main stated clearly and cogently. The objection is that in many places the description is only partial and that in most of the so-called problems taken up no attempt is made to show just what the problem really is. In reading these chapters one is scarcely aware that any problem exists.

EVERETT W. GOODHUE.

Dartmouth College.

NEW BOOKS

BAXTER, G. *Baxter's economics*. (Norfolk, Va.: Author. 1922. Pp. 317.)

BECKER, C. *The Declaration of Independence: a study in the history of political ideas*. (New York: Harcourt, Brace & Co. 1922. Pp. 286.)

Chapter 2 discusses the "Historical antecedents of the Declaration: the natural rights philosophy."

BLACKMAR, F. W. *Justifiable individualism*. (New York: Crowell. 1922. Pp. 142. \$1.)

BOUGLÉ, C. *Leçons de sociologie sur l'évolution des valeurs*. (Paris: Lib. Armand Colin. Pp. xv, 287. 7 fr.)

This interesting little work, the outgrowth of lectures at the Sorbonne by one of the chief disciples of Durkheim, treats of religion, morals, industry, science, and art as values. Values are defined as "permanent possibilities of satisfaction." After an account of the formation of value judgments by the individual, Bouglé proceeds to argue that in the absence of social contacts these judgments could not acquire coercive power and, indeed, could not come into being. His effective demonstration that social forces contribute to the establishment of values, does not prove that they are in every case a necessary condition. Like Durkheim, Bouglé takes no account of the great thinkers and mystics who have gone so far beyond their contemporaries and associates that they cannot even fully communicate their experiences. Do not such men as individuals originate values? And, if individuals cannot originate values, what is the source of the new values which appear from time to time? Our author presents an instructive discussion of the relations between different values, and of differentiations and combinations among them, but as the origin of the materials differentiated and combined remains a mystery, he cannot be said to have given an adequate account of the "evolution of values."

G. A. KLEENE.

COSSA, L. *Premiers éléments d'économie politique*. (Paris: Giard. 1922. Pp. 257.)

A skeleton of economics. A very brief statement of economic doctrine according to the author. The chapters are made up of paragraphs defining in a few words the economic terms which are printed in italics. There is a good bibliography at the end of each chapter, though it is hardly brought up to date. The translation from the Italian is by Alfred Bonnet from the fourteenth edition of Cossa's book.

R. R. W.

DICKINSON, Z. C. *Economic motives. A study in the psychological foundations of economic theory, with some reference to other social sciences*. (Cambridge: Harvard Univ. Press. 1922. Pp. vii, 304. \$2.50.)

FISHER, L. *Getting and spending, an introduction to economics*. (London: King. 1922. 3s. 6d.)

HAYES, H. G. *Problems and exercises in economics*. Second edition. (New York: Holt. 1922. Pp. vi, 138.)

The preface states: "The list of problems published six years ago has been considerably altered for the present edition. While some of the problems of the first edition are included in this edition without alteration, for the most part substitutions have been made for the original problems or they have been rewritten."

JOHNSON, A. S. *Introduction to economics*. Revised edition. (New York: D. C. Heath & Co. 1922. Pp. xiv, 481.)

"This revision has left the greater part of the text intact." A new chapter on Management has been inserted and many minor changes have been made "usually with the object of clearing up obscurities which might confuse the student; occasionally with the object of softening the outlines of a conclusion . . . too absolute and uncompromising."

- JONES, R. *A primer of social science.* (London: Constable. 1922. 4s.)
- LAPP, J. A. *Economics and the community.* (New York: Century. 1922. Pp. xiv, 366. \$1.75.)
- LORIA, A. *I fondamenti scientifici della riforma economica.* (Turin: Fratelli Bocca. 1922. Pp. 575. 60 l.)

This is a brave attempt to show the possibilities of the increased production of material goods as the basis of social progress, and the limits of such increase. The author submits the ways of the present system to a searching criticism and shows how we are suffering from "underproduction." He analyzes this underproduction and the conditions of it in detail with much acumen, and classifies it under two heads: "normal underproduction," which is the difference between what is actually produced and what might be produced under the present system of industry, as, for instance, when technical improvements by which production would be increased are not introduced because the increased product could only be sold at a price too low to cover the cost and the return on capital at the existing rate; and "supernormal underproduction," due not to the necessity of maintaining the present rate of profits and wages, but to the attempt to increase one or both of these beyond that rate. The progress of society depends on the elimination of these two forms of underproduction. The book contains interesting discussions of the increased productivity due to the increase of the population; of the question as to whether the end to be attained is the greatest amount to be produced by the individual workman or the greatest amount to be produced by the whole population, an increase in the latter being compatible with a decrease in the former; of the way in which national income should be calculated; of the "quantitative" and "qualitative" changes possible in the progress of society. It is impossible in a short notice to do more than direct attention to the author's skill in the treatment of his subject, and to the vast extent of the knowledge displayed by the *doyen* of economics in Italy.

R. R. W.

- RALSTON, J. H. *Democracy's international law.* (Washington: John Byrne & Co. 1922. Pp. 165. \$1.50.)
- ST. LEWIŃSKI, J. *The founders of political economy.* (London: King. 1922. Pp. 173. 6s. 6d.)

A small book on a large subject, very readable but inevitably very incomplete. The author's aim, however, is not to give an exhaustive account but to pick out theories which may still be of help from those advanced by the founders. The first chapter makes some references to discussions of monetary disturbances beginning with Oresmes' *Tractatus* in the fourteenth century, but emphasizes especially the importance of the second half of the seventeenth century in the development of economic thinking. Sir William Petty is the hero of the chapter. Chapter 2 gives a good account of the economics of the physiocrats and very properly insists on the originality and historical significance of their analysis of capital. The third chapter is devoted to Adam Smith, and the fourth and most extensive to Ricardo, to whom we owe "the most precious gems of political economy—the theory of value and the theory of rent." A very summary concluding chapter would persuade us that not much has been done since Ricardo. Some doubts as to the author's competence to judge all modern economic theory are aroused by his comments on

von Thünen (p. 165), on the marginal utility theorists (pp. 129 and 183), and on von Böhm-Bawerk (footnote, p. 134).

G. A. K.

TOTOMIANZ, V. TH. *Histoire des doctrines économiques et sociales*. (Paris: Giard. 1922. Pp. 238.)

A course of lectures given at the University of Moscow. Each lecture is on the economic theories of a definite period; the first deals with those of ancient times, the last with those of what the author calls the "coöperative school" of the present. The chapters on the mercantilists, the physiocrats, and the Austrian economists are well done, but it is a pity that each chapter has not a bibliography.

R. R. W.

WILBRANDT, R. *Oekonomie. Ideen zu einer Philosophie und Soziologie der Wirtschaft*. (Tübingen: Mohr-Siebeck. 1921. Pp. 152.)

The author, a professor at the University of Tübingen, is by natural disposition a reformer. The methods and the results of our present economic science seem to him far from being really scientific. Their maxims and postulates, generally founded as they are on merely individual aims and ideals, lack conclusiveness as well as universal applicability. Wilbrandt seeks a firmer ground on which to build up his own system. No matter how great the variety of the practical aims of men are, we have, in his opinion, first of all to acknowledge the stubborn fact that, though we may strive as hard as possible, we cannot reach any practical goal if we do not get the means required for that purpose. The enemy fought by "Oekonomie" is the deficiency of the means required for any kind of practical aim; preventing such deficiency must be its foremost object. The economist must not be expected to be a critic of the different aspirations of men. The science of economics amply fulfils its task if it is able to show us effective methods, enabling us to avoid any such deficiency, and if it helps every one who is striving to attain a certain end; whoever successfully applies such methods to practical life, practices "Oekonomie" in the strictest sense of the term.

Taking this as a basis for further consideration, the author is led also to a critical appreciation of the given economic conditions, but an appreciation now founded on objective, no longer on subjective, principles. The starting-point of all investigations and the supreme principle of all criticism is always the same, that is, the question: What is to be done, if we want to bring our national economy to the highest possible efficiency? Starting from this principle, Professor Wilbrandt develops his system, always taking care not to let any moral or political opinion interfere with his deductions. He distinguishes four characteristic forms of economic organizations—namely, the economic state of one isolated disposing will (*Alleinwirtschaft*), that of mutual exchanges (*Tauschwirtschaft*), that of collectivism (*Gemeinwirtschaft*), and that of renunciation (*Hingabewirtschaft*). He supposes that a chronological order of these four types is possible, each of them being more difficult of realization and each bringing economic success into the reach of a greater number of individuals, than the preceding one. He shows how these four types of organization correspond psychologically to four political types, conservatism, liberalism, socialism, and anarchism. The author intends to develop these views fully in a series of further publications.

EUGENE SCHWIEDLAND.

Vienna.

- WILLIAMS, J. M. *The principles of social psychology, as developed in a study of economic and social conflict.* (New York: Knopf. 1922. Pp. xii, 459. \$5.)

Economic History and Geography

NEW BOOKS

- ALLEN, N. B. *Geographical and industrial studies; North America.* (Boston: Ginn & Co. 1922. Pp. 391.)
- BEARD, C. A. *The economic basis of politics.* (New York: Knopf. 1922. Pp. 99.)
- BELL, P. S. *Venezuela: a commercial and industrial handbook.* Department of Commerce, Special Agents series 212. (Washington: Supt. Docs. 1922. Pp. xvi, 472. \$1.)
- BUCK, S. J. *The agrarian crusade; a chronicle of the farmer in politics.* (New Haven: Yale Univ. Press. 1921. Pp. xi, 215.)
- CHISHOLM, G. G. *Handbook of commercial geography.* Ninth edition. (New York, Longmans, Green. 1922. Pp. xvi, 824. \$7.50.)
- COLOMBINO, E. *La tragedia rivoluzionaria in Europa.* (Florence: Bemporad, Critica Sociale. 1922. Pp. vii, 209.)
- CROHN-WOLFGANG, H. F. *Der englische Ueberseeekaufmann im Zeitalter der Entdeckungen.* Zeitschrift für die gesamte Staatswissenschaft, 1921, Heft 4. (Tübingen: Verlag der H. Laupp'schen Buchhandlung. 1921. Pp. 397-426.)
- DODD, W. E. *The cotton kingdom; a chronicle of the old South.* (New Haven: Yale Univ. Press. 1921. Pp. ix, 161.)
- FARQUHAR, A. B. *The first million the hardest; an autobiography.* (Garden City, N. Y.: Doubleday, Page. 1922. Pp. xi, 323.)
- FLEMING, G. T. *History of Pittsburgh and environs, from prehistoric days to the beginning of the American Revolution.* Three vols. (New York: American Historical Society, Inc. 1922.)
- FUETER, E. *World history, 1815-1920.* Translated by S. B. FAY. (New York: Harcourt, Brace & Co. 1922. Pp. 490.)
- Several chapters are devoted to economic factors involved in the history of the last century.
- GAMMON, S. R., JR. *The presidential campaign of 1832.* Johns Hopkins Univ. studies in historical and political science, vol. XL, no. 1. (Baltimore: Johns Hopkins Press. 1922. Pp. x, 180.)
- Chapter 5 is entitled "The injection of the Bank into the campaign."
- GLEISPACH, W. *Present-day social and industrial conditions in Austria.* Supplement to The Annals, November, 1921. (Philadelphia: Am. Academy of Political and Social Science. 1921. Pp. xiii, 74.)
- GOLDENWEISER, A. A. *Early civilization, an introduction to anthropology.* (New York: Knopf. 1922. Pp. xxiv, 424. \$3.)
- GOODWIN, CARDINAL. *The trans-Mississippi west, 1803-1853; a history of its acquisition and settlement.* (New York: Appleton. 1922. Pp. x, 528. \$3.50.)

- GRAS, N. S. B. *An introduction to economic history*. (New York: Harper. 1922. Pp. 350.)
- HENDRICK, B. J. *The age of big business; a chronicle of the captains of industry*. (New Haven: Yale Univ. Press. 1921. Pp. ix, 196.)
- HULBERT, A. B. *The paths of inland commerce; a chronicle of trail, road, and waterway*. (New Haven: Yale Univ. Press. 1921. Pp. xi, 211.)
- HUNTINGTON, E. and WILLIAMS, F. E. *Business geography*. (New York: John Wiley & Sons, 432 Fourth Ave. 1922. Pp. x, 482.)
- KOEBEL, W. H., editor. *Anglo-South American handbook, including Central America, Mexico and Cuba, for 1922*. (New York: Macmillan. 1922. Pp. lxxviii, 888. \$7.50.)
- LAWSON, L. A. *The relation of British policy to the declaration of the Monroe Doctrine*. Columbia Univ. studies in history, economics and public law, vol. CIII, no. 1. (New York: Longmans, Green. 1922. Pp. 153. \$1.50.)
- LEVY, H. *Die englische Wirtschaft*. (Leipzig: Tuebner. 1922. Pp. iv, 153. \$1.30.)
- LIPSON, E. *A history of the English woolen and worsted industries*. (New York: Macmillan. 1921. Pp. 273. \$4.)
- MACDONALD, W. *Reconstruction in France*. (New York: Macmillan. 1922. Pp. viii, 349. \$2.50.)
Contains chapters on The Restoration of Transport, The Reconstruction of Industry, The Restoration of the Mines, The Revival of Agriculture, and The Problem of Finance.
- MALINOWSKI, B. *Argonauts of the Western Pacific*. (London: Routledge. New York: Dutton. 1922. Pp. 527. 21s.)
The subtitle of this volume is "An account of native enterprise and adventure in the archipelagoes of Melanesian New Guinea." Chapter 6 deals with tribal economics.
- MANN, H. H. and KANITKAR, N. V. *Land and labor in a Deccan village*. Study no. 2. (New York: Oxford Univ. Press. 1922. Pp. viii, 182. \$8.)
- MORGAN, R. B., editor. *Readings in English social history from contemporary literature*. Vol. IV, 1603-1688. (New York: Macmillan. 1922. Pp. xii, 106. \$1.40.)
- MORRIS, G. W. and WOOD, L. S. *The golden fleece: an introduction to the industrial history of England*. (New York: Oxford Univ. Press. 1922. Pp. 224.)
An elementary book written in an interesting style with illustrations.
- OBERHOLTZER, E. P. *A history of the United States since the Civil War*. In five vols. Vol. II. (New York: Macmillan. 1922. Pp. xi, 649. \$4.)
Covers the period 1868-1872. Among the topics discussed are funding the debt, the legal tender decision, protection and free trade during the period referred to, the development of the Far West, and the construction of the transcontinental railroads.
- PAINE, R. D. *The old merchant marine; a chronicle of American ships and sailors*. (New Haven: Yale Univ. Press. 1921. Pp. ix, 214.)

PALM, F. C. *The economic policies of Richelieu*. Studies in the social sciences, vol. IX, no. 4. (Urbana, Ill.: Univ. of Illinois. 1922. Pp. 202. \$1.50.)

PECK, A. S. *Industrial and commercial South America*. (New York: Dutton. 1922. Pp. xviii, 509.)

PORRI, V. *Cinque anni di crisi nel Veneto—1914-1918*. (Rome: L'Amministrazione della Guerra. 1922. Pp. xii, 94.)

PORRITT, E. *The fiscal and diplomatic freedom of the British oversea dominions*. (New York: Oxford Univ. Press. 1922. Pp. 492.)

According to the editor, President David Kinley, "This book is ostensibly a story of fiscal progress, of trade and industry. It is a story of growth of nationalities, of adjustments of the economic and political life of her colonies to her mother country. . . . The fiscal history of Canada resembles in some respects that of the United States. Discussion of tariff and protection has played a large part." Part I is entitled "The new British fiscal system"; part II, "The protectionist movement and protectionist legislation in the self-governing colonies, 1858-1914"; part III, "Fiscal freedom and diplomacy, 1848-1907"; part IV, "Responsible government and fiscal diplomatic freedom." In the appendix are documents relating to tariff policy.

REMER, C. F. *Readings in economics for China. Selected materials with explanatory introductions*. (Shanghai: Commercial Press, Paoshan Road. 1922. Pp. x, 685.)

SARKAR, B. K. *The political institutions and theories of the Hindus. A study in comparative politics*. (Leipzig: Verlag von Markert & Petters. 1922. Pp. 242. \$3.36.)

Has chapters on Property and Woman in Private Law, Organized Charities and Utilities, National Finance, Taxes as Wages and Prices, and The Theory of Property, Law and Social Order.

SCHEVILL, F. *The history of the Balkan peninsula from the earliest times to the present day*. (New York: Harcourt, Brace & Co. 1922. Pp. 558.)

SCHLIER, O. *Der deutsche Industriekörper seit 1860*. (Tübingen: Mohr. 1922. Pp. vii, 80. 75 M.)

The geography of the chief German industries from 1860 to 1907, with two colored maps, and statistical tables showing the growth of the industrial population in the different districts and its distribution in the various trades.
R. R. W.

STEFANSON, V. *The northward course of empire*. (New York: Harcourt, Brace & Co. 1922. Pp. xi, 274.)

THOMSON, H. *The age of invention; a chronicle of mechanical conquest*. Chronicles of America series, vol. XXXVII. (New Haven: Yale Univ. Press. 1921. Pp. xii, 267.)

TUCKER, D. S. *The evolution of people's banks*. Columbia University studies in history, economics and public law, vol. CII, no. 1. (New York: Longmans, Green. 1922. Pp. 272. \$2.75.)

WARSHAW, J. *The new Latin America*. (New York: Crowell. 1922. Pp. 415. \$3.)

WELLS, L. R. *Industrial history of the United States*. (New York: Macmillan. 1922. Pp. xiii, 584. \$2.)

A review of one new secondary text in economic or industrial history could serve fairly well as a review of all the recent ones, so similar are they in make-up, treatment of material, and superior quality in general. It is not easy to see wherein this excellent little volume differs appreciably from other late texts in the same field. It gives not only the facts but "the whys and wherefores of the facts." It follows the customary practice of marking off our country's economic growth into four chief eras as follows: (1) the colonial period to 1763; (2) the period of transition, 1763 to 1825; (3) national consolidation and isolation, 1825 to 1860; (4) the readjustment period, entitled "Combination, organization, regulation: the end of the frontier." The book is divided into four parts corresponding to these four divisions; the largest space, almost half the book, is devoted to conditions since 1860. The effects of the Great War are little mentioned as the author thinks "it will be some time before these effects are stabilized enough to be appraised satisfactorily." Mr. Wells considers the distinguishing trait of his text to be its emphasis on three factors, namely, westward expansion, immense natural resources, and increased contact of people with one another. These fundamental influences he believes led to the creation of a colossal domestic market which, in its turn, caused the economic transformation of the nineteenth century.

From the point of view of the classroom this history typifies the present-day schoolbook that has come into being since writers who are seasoned teachers as well as absent-minded professors have taken up the preparation of texts. The paper is unglazed, the print good sized, the cuts remarkably well produced. Each chapter is introduced by a simple outline, sketching what lies ahead. Headings indicate by the type whether the paragraph is principal or subordinate. The pictures are unusual and keenly interesting; they make exceedingly real the methods in use today on farms and in factories. There is a sufficient but not depressing number of maps and statistics. A fairly comprehensive bibliography, together with questions for discussion and debate, follows each chapter. The student thus loses the educative training of making his own bibliography, yet this work is often not feasible. The references listed impress one as calling for a more adequate library than the average high school possesses.

AMELIA C. FORD.

WESTERGAARD, H. *Economic development in Denmark before and during the World War*. Publications of the Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1922. Pp. xii, 106.)

Economic situation in Denmark, to March, 1922. (London: H. M.'s Stationery Office. 1922. 1s. 6d.)

Economic, financial and industrial conditions of the Netherlands, February, 1922. (London: H. M.'s Stationery Office. 1922. 1s. 3d.)

Hamburg. Her political, economic, and cultural aspects. Translated by W. J. EGGERS. (Hamburg: L. Friederichsen & Co. 1922. Pp. 194.)

Chapters on Political and Economic History, Hamburg as a Shipping Center, Commercial and Industrial Life, including commerce, banking, and marine insurance.

Industrial, commercial and economic situation in Poland, February, 1922. (London: H. M's Stationery Office. 1922. 1s. 3d.)

Industrial year book, 1922. Edited by PHILIP GEE. (London: King. 1922. 36s.)

La Roumanie économique. Ministère de l'Industrie et du Commerce. (Bucarest: Imprimerie de la Cour Royale. 1921. 25 lei.)

Russia: a consideration of conditions as revealed by soviet publications. (New York: American Bankers' Assoc., Commission on Commerce and Marine. 1922. Pp. 36.)

The statesman's year-book. Statistical and historical annual of the states of the world for the year 1922. (New York: Macmillan. 1922. Pp. xlvii, 1568. \$7.50.)

The twenty-first financial and economic annual of Japan. (Tokyo: Gov. Prtg. Office. 1921. Pp. 232.)

Two centuries of travel in Essex County, Massachusetts. A collection of narratives and observations made by travelers, 1605-1799. (Topsfield, Mass.: Topsfield Historical Society. 1922. \$4.)

Collected and annotated by George Francis Dow.

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

EMMONS, W. H. *General economic geology, a textbook.* (New York: McGraw-Hill. 1922. Pp. xii, 516. \$4.)

FOX, L. H. *A philosophic view of the land question.* (London: Kingsley Press. 1921. Pp. 211.)

GREEN, F. E. *A new agricultural policy.* (London: Leonard Parsons. 1921. Pp. 169.)

LIVESEY, W. *The mining crisis, its history and meaning to all workers.* (London: Simpkin, Marshall, Hamilton, Kent & Co. 1921. Pp. vi, 89.)

MALCOLMSON, V. A. *The place of agriculture in the life of a nation.* (London: King. 1922. 3d.)

MEYER, E. *Farm financing and business prosperity.* (Washington: Author, War Finance Corporation. 1922. Pp. 14.)

NORTH, S. H., editor. *The petroleum year book for 1921.* (New York: Spon & Chamberlain. 1921. Pp. ix, 251. \$3.50.)

ORR, J. *A short history of British agriculture.* (New York: Oxford Univ. Press. 1922. Pp. 96.)

SABSOVICH, K. *Adventures in idealism: a personal record of the life of Professor Sabsovich.* (New York: Author, Room 1715, 80 Maiden Lane. 1922. Pp. vii, 208.)

The desire to help his fellow Jews to find themselves through productive work in agriculture was the dominating influence in Professor Sabsovich's life as related by his widow. The first impulse came while he was a law student, through a society which he helped to start in Odessa during a period of pogroms, for the purpose of furthering emigration to America

and founding agricultural colonies there. In 1890 he was invited to manage a Jewish agricultural colony at Woodbine, New Jersey, financed by the Baron de Hirsch Fund. Farms were loaned to colonists on a ten-year plan of payment. From the most unpromising material Sabsovich gradually built up a prosperous community which included, besides the farms, factories, schools, a social center and a Civic Club. The Woodbine Agricultural School, a pioneer of its kind, combined classwork with practical experience and the opportunity for self-support. Students spent one whole year at the school, and for two more years spent the winter term at the school and the summers on neighboring farms. In 1903 Woodbine was incorporated as a self-governing political entity, of which Professor Sabsovich was fittingly elected the first mayor.

SARGENT, A. J. *Coal in international trade.* (London: King. 1922. Pp. 73. 2s. 6d.)

A study of war production and distribution of coal since 1918. Interesting comparisons are made of cost of production, prices, output of coal in various countries.

WILKINS, V. F. *Agricultural research and the farmer. A record of recent achievement.* (London: King. 1922. 2s. 6d.)

Coal, coke and by-products of the British Empire and foreign countries, 1913-1919. Part II. Issued from the Imperial Mineral Resources Bureau. (London: H. M.'s Stationery Office. 1922. 6s. 6d.)

Iron ore, United Kingdom. Summary of information as to the present and prospective iron ore supplies. (London: H. M.'s Stationery Office. 1922. 6s.)

The Jewish Agricultural and Industrial Aid Society, annual report for the year 1921. (New York: Jewish Agri. and Indus. Aid Soc. 1922. Pp. 67.)

Transportation and Communication

Railroads and Government: Their Relations in the United States, 1910-1921. By FRANK HAIGH DIXON. (New York: Charles Scribner's Sons. 1922. Pp. ix, 384. \$2.25.)

Dealing with the same period of government regulation of railroads as that covered by Professor Sharfman's work, *The American Railroad Problem*, published only a few months earlier, this book necessarily invites some comparison with it. After a brief introduction in which the judiciary comes in for the criticism we are quite accustomed to hear from economists, the book deals first with the period from 1910 to 1916, a period during which federal regulation was greatly strengthened by the act of 1910, which gave to the Commission the power to suspend schedules of rates filed by the railroads, and greater power in many other ways, especially in the application of the so-called "long and short haul clause." The chapter entitled "Administrative activities" deals with the administration of the Interstate Commerce Commission in an interesting way. The chapter on "Labor problem" de-

scribes briefly the principal labor event of the pre-war period, namely, the circumstances leading up to the passage of the Adamson act.

The second part of the book covers the war period, and here Dr. Dixon is at his best. He deals with the subject of which he has intimate knowledge not only from his studies of the problems from the point of view of an economist, but more particularly from his intimate association with the activities of the railroads and the government during the war period, as Director of the Bureau of Railway Economics. In this capacity he was in close touch not only with what was going on in railroad circles, but with the Interstate Commerce Commission, and later with the Railroad Administration. The facts which he states could probably not be secured by any one else, and this part of his book will be a permanent repository of accurate information relating to that period. He has a just appreciation of the difficulties under which the United States railroad administration operated, although he quite properly criticizes its labor policy. The effect of government operation upon the advancement of labor's contentions is thus summarized:

It is no exaggeration to say that the gains made by railroad labor during the 26 months of Federal operation in the power of collective bargaining, in the development of union organization, in the standardization and nationalization of practices and policies, were greater than in the entire previous period of their existence. That they desire to perpetuate these gains under private operation is no more than human.

"The summary of federal operations," beginning on page 206, is admirable.

The third part of the book deals with "Return to private operation," and is a thoroughly sound analysis of the fundamental railroad problem, with some very interesting suggestions as to the future of the railroads. The author emphasizes the necessity for credit if the railroads are to be able to perform their public functions—a credit which is extremely difficult of accomplishment where the financial strength of competitive railroads varies greatly. Like all the recent thinkers on the subject, he clearly points out how the problem is to meet the requirements of the weak roads without giving to the strong roads an unnecessarily large income. This is the problem which the Transportation act of 1920 attempts to solve. On account of the radical change in traffic conditions shortly following the passage of the Transportation act, the provisions of the act relating to the adjustment of rates so as to establish credit have not had a fair chance to show their effectiveness. Dr. Dixon feels that there must be a larger measure of coöperative effort among the railroads themselves in establishing efficiency of operation if we are to escape the dangers of government operation. The extension of regulation has brought with it a consid-

erable amount of management by public tribunals. This according to the author has been necessary because of failure of effective coöperation among the railroads. He apparently views with favor the activities of the Association of Owners of Railroad Securities—an organization of creditors rather than of owners, which has not worked altogether harmoniously with the railroad executives. He feels that the legalistic conception of ownership by stockholders should give way to what he regards as the fundamental conception of ownership, namely, by those who advance money and receive interest-bearing securities as well as by those who advance money and receive certificates of stock. Whether this conception is sound or not, it is clear that satisfactory results will not be accomplished until there is coöperation between these two classes of owners. If they can work in harmony there is no doubt that an organization dealing with the equipment problem can bring results. Whether it is desirable or possible for a central organization to purchase supplies and materials and standardize operations is doubtful.

The author, like most economists, minimizes the importance of competition in rates, which leads him to the favoring of a more or less rigid application of the "long and short haul clause" principle. If we are not to have competition in rates as between rail lines and water lines, we might just as well proceed at once to establish rates on a mileage basis, which would result in a great restriction of traffic and would tend to localize industry.

In discussing the future of the railroad problem Dr. Dixon is candid, and he does not hesitate to express the view which is repugnant to railroad executives, that in some way labor must participate in management. He very justly remarks that the advantage of such participation may not be found in contributions which labor can make, but "rather it will grow out of the fact that labor knows what is going on, appreciates the problems of management, and hence acquires confidence." It is doubtful if any one has a better-balanced judgment on the labor problem than Dr. Dixon.

In contrasting the works of Professor Sharfman and Dr. Dixon one is impressed with the fact that the former approaches the problem from the point of view of the brilliant, theoretical and more or less radical thinker while the latter deals with it from the point of view of a clear-thinking economist who has had the rare opportunity of close contact with facts. Professor Sharfman feels, without apprehension, that the problem may have to be solved through the nationalization of railroads; Dr. Dixon hopes that it can be solved through the operation of the principles of the Transportation act aided by a greater degree of coöperation among the railroads.

EDGAR J. RICH.

NEW BOOKS

DAGGETT, S. *Chapters on the history of the Southern Pacific.* (New York: Ronald. 1922. Pp. iv, 470. \$5.)

The purpose of this study is to present the story of the Southern Pacific Railroad, to throw light upon the various problems encountered by the road, and to interpret its policies and history. The volume contains a very thorough presentation of the history of the railroad in its important aspects, including federal land grants, physical construction, financial problems, rate fabric, and state and federal regulation. Some of the latter chapters present such matters as the Southern Pacific Merger case, and the Oil Land litigation. The material for the volume was obtained from original sources, of which the author says there are many. The romantic elements in the history of the road are entirely submerged; in fact, Professor Daggett has devoted his attention exclusively to the study and interpretation of the facts. Chapters 13 to 17 inclusive will be of particular interest to students of rate questions. In this section of the book the author develops historically and critically the rate fabric as applied to local and transcontinental rates. Thus, chapters are devoted to Water Competition, the Rate System of the Central Pacific, Local Rates in California, the Transcontinental Tariff, and the Traffic Association of California.

To the usual well-known features of transcontinental rates the author adds two others, namely, the placing of the shipping communities of the state all upon an equal footing on the eastbound business by applying the same rates for intermediate as from terminal points; and second, the application of a different principle in making rates in the region east of the Rockies from the one that prevails on the Pacific coast. The failure "to apply in the East the same principles which govern in the West has been doubtless due to the insistence of cities like Chicago that her rates be at least as low on shipments to and from the Pacific Coast as the rates which New York enjoys, as well as the desire of the railroads which begin at Chicago or the Mississippi-Missouri river to encourage the growth of business in the Middle West."

The chief complaint of the transcontinental rate system has come from the interior towns and cities which have not been favored with the low rates granted to the terminal points; the unfortunate communities have urged that higher charges to intermediate points are *prima facie* unreasonable, that the system of transcontinental rate-making limits the territory in which the intermediate wholesale firms can do a distributing business, and that low rates to coast cities build up such communities at the expense of the interior. To these arguments, according to the author, the railroads have replied that "unless the rail lines are permitted to make rates which hold the through business, the terminal roads will lose all the net revenue derived from the port rate upon what is a very large volume of traffic." Thus the loss of millions of dollars of income would both impair the effectiveness of the service and make necessary higher charges to all points. In the author's opinion the transcontinental rate system has obvious defects: it has provided low rates to towns and on commodities which have no access to the water routes; it has failed to make "concessions to the cost basis of rate making." Moreover, "it does seem probable that the transcontinental railroads would have reduced the aggregate cost of distributing transcontinental freight had they

encouraged more than they did the growth of the interior towns, provided that they had supported these towns both against Chicago and St. Louis and against the Pacific coast."

ISAAC LIPPINCOTT.

ELLIOTT, B. K. *A treatise on the law of railroads*. Six vols. Third edition. (Indianapolis, Ind.: The Bobbs-Merrill Co. 1922.)

ELLIOTT, H. *Railroad transportation*. Address at the sixty-ninth annual meeting of the American Society of Civil Engineers. (New York: Am. Soc. of Civil Engineers, 33 W. 39th St. 1922. Pp. 18.)

FRANKFURTER, F., editor. *A selection of cases under the Interstate Commerce act*. Two vols. Second edition. (Cambridge: Harvard University Press. 1922.)

HEBARD, R. W. *The transport situation in the Republic of Columbia and the treaty payments*. Second edition. (New York: Author. 1922. Pp. 40.)

HUNGERFORD, E. *Our railroads tomorrow*. (New York: Century. 1922. Pp. 332. \$2.50.)

MOODY, J. *The railroad builders; a chronicle of the welding of the states*. (New Haven: Yale Univ. Press. 1921. Pp. ix, 257.)

OLDHAM, J. E. *The place of the New England railroads in the plan for railroad consolidations*. Published by the Investment Bankers Association of America. (Cambridge, Mass.: Cosmos Press. 1922. Pp. 46.)

REPACI, F. A. *Il "deficit" delle ferrovie dello stato*. La Riforma Sociale, Mar.-Apr., 1922. (Torino: La Riforma Sociale, 16, Piazza Statuto. 1922. Pp. 43.)

VAN METRE, T. W. and MOON, P. T. *Railroads and business prosperity*. (New York: Academy of Political Science, Columbia Univ. 1922. Pp. 130.)

WALDEN, C. F. *Ocean transportation*. (New York: Y. M. C. A. Press. 1922. Pp. vi, 248.)

ZIMMERMANN, E. W. *Ocean shipping*. (New York: Prentice-Hall, 1921. Pp. xvi, 691.)

Subjects treated in this volume are the nature of ocean transportation, ocean routes, ocean terminals, entrepôts centers and free ports, the world's leading ports with special reference to the port situation in the United States; size, speed and efficiency of ocean vessels, the development of motive power, and important improvements in the construction of vessels; cargo and carrying capacity, cargo handling and storage, the bunkering problem, shipping services, marine insurance; the history of vessel ownership and management, including special attention to recent pools, agreements, conferences, concentrations and combinations. Attention is given to theory and practice of rate making and to the finances of shipping companies.

The author emphasizes the fact that the United States is behind Europe in the efficiency of coördination of rail and water transportation, and points out the need of elimination of much delay in ocean terminals, if other advantages gained by the development of the ocean carrier itself are to be realized. Special attention is given to the shift which has

taken place in the substitution of oil for coal in ocean shipping. It is pointed out that twenty years ago Great Britain did not look upon the substitution of oil for coal as of very much importance; that now with the remarkable strides which the United States has made beginning with the War in the use of oil as fuel, and also in view of the falling off in the export of English coal, Great Britain is beginning to see that she must secure control of adequate oil supplies or run the risk of losing her commanding position in world commerce. The author quotes Anin to the effect that "if oil supplants coal she (Great Britain) will get a sufficient oil supply or die trying."

In the final division of the volume is a discussion of the work of the United States Shipping Board and America's Merchant Marine. In discussing the Merchant Marine act of 1920 the author says: "In conclusion we would say that the new law proves beyond question the honest intention of Congress to reestablish the United States as a seafaring nation and that while the merit of certain provisions will have to be proved by their application, there can be little doubt that the shipping outlook is brightened by this new measure. But let us never lose sight of this: the essential prerequisite necessary for building up an American merchant marine is not ships—they are only instruments, dead matter brought to life by the skill and knowledge of experienced and well-trained men; not laws—though bad laws hinder and good ones help—but rather courage, foresight, confidence, good will and integrity in the hearts of those directly engaged in the shipping business and patriotic enthusiasm on the part of the people who back them. That is what counts. And the near future will show whether America is willing to put the 'Stars and Stripes' back upon the Seven Seas where they were in the glorious days of the past."

There are some typographical errors in the book (see pp. 240, 285) and some evidence of carelessness in checking up the source of material which has been used. For example (pp. 502, 504) in quoting from Johnson's study on *Ocean Rates and Terminal Charges*, credit is given to the reviewer for a statement concerning ocean freight rates which was written by Walter T. Fisher (see p. 66 of *Ocean Rates and Terminal Charges*).

C. O. RUGGLES.

Ohio State University.

The freight traffic red book; an encyclopedia of the traffic department; a practical reference book for the student of freight transportation. (Chicago: La Salle Extension Univ. 1922. Pp. 494. \$6.)

Highway transport and its relation to the public. (New York: National Automobile Chamber of Commerce, Marlin-Rockwell Bldg. 1922. Pp. 40.)

The Port of Boston, Massachusetts. Port series no. 2, issued by the Engineers Corps U. S. Army and U. S. Shipping Board. (Washington: Supt. Docs. 1922. 75c.)

Railway employees' reply to the railroads; hearings before the Senate Committee on Interstate Commerce, Oct. 13 and 15, 1921; Nov. 25 to Dec. 3, 1921. Vol. III. (Washington: Supt. Docs. 1921.)

State motor vehicle laws in force June 1, 1922. (New York: Motor Vehicle Conference Committee, 366 Madison Ave. 1922. Pp. 86.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

DAY, C. *A history of commerce*. Revised and enlarged. (New York: Longmans, Green. 1922. Pp. x, 676. \$2.50.)

The latter part of the edition published in 1914 is revised and some 70 pages added to cover the period 1914-1922.

HOLT, W. S. *The Federal Trade Commission*. Institute for Government Research, monograph no. 7. (New York: Appleton. 1922. Pp. 80.)

Chapters on the history, activities and organization of the Commission. In the appendix is a list of the reports of economic investigation printed up to April, 1921. Appendix 6 is a bibliography of nine pages.

LAVINGTON, F. *The trade cycle. An account of the causes producing rhythmical changes in the activity of business*. (London: P. S. King & Son. 1922. Pp. 113. 3s. 6d.)

This book is "not the result of original research." Mr. Lavington has drawn chiefly from Pigou's *Economics of Welfare*, part VI; to a lesser extent from Alfred Marshall and Wesley Mitchell; and to a slight extent from Robertson and Aftalion. One chapter is devoted to conditions favorable to the growth of trade fluctuations: (1) entrepreneurial control of production, (2) interdependence among producers, (3) production in anticipation of demand, (4) production guided by price. Two chapters are devoted to a discussion of "business confidence," and three to the "course of the trade cycle." A final chapter is concerned with "social aspects" and methods of minimizing the cycle.

"The active principle animating business cycles is to be found in changes in the general level of business confidence" (p. 61). The "cumulative growth of an error of optimism or pessimism in business judgments" has two effects: it acts directly on the estimates made by business men of the "future condition of markets," and "it acts indirectly on those estimates by its influence on the supply of money and therefore on the movement of prices" (p. 90).

The major forces which check the "confidence in which the whole upward movement is based" are: (1) inadequate supply of new savings (p. 69), (2) inability of new capital to find a market except by pressing into uses where the yield is lower (70-74), (3) drain on bank reserves (67-68). The first two of these alleged causes seem to be contradictory for one implies a scarcity of capital while the other implies a superabundance of capital.

Mr. Lavington holds that there would be no business cycle if "business judgments were always rationally determined" (p. 58). In his opinion "errors of optimism and pessimism" are at the bottom of the business cycle (58-60). To the present reviewer it would seem that these errors of optimism and pessimism are results, in the first instance, rather than causes of the price cycles which give rise to profit cycles, though no doubt once the movement has started they reinforce and intensify the price fluctuations.

ALVIN H. HANSEN.

LIONBERGER, I. H. *The economic crisis and foreign trade*. (St. Louis: American Credit-Indemnity Co. 1921. Pp. 53. 80c.)

Handbook of commercial treaties. Issued by the United States Tariff Commission. (Washington: Supt. Docs. 1922. 75c.)

Volume of United States trade, 1921, by ports of origin and destination. Bureau of Foreign and Domestic Commerce, miscellaneous series 112. (Washington: Supt. Docs. 1922. 10c.)

Accounting, Business Methods, Investments and the Exchanges

Cost Control and Accounting for Textile Mills. By EUGENE SZEPESI. (New York: Bragdon, Lord & Nagle Company. 1922. Pp. xxiv, 441. \$10.00.)

Cost Control for Textile Mills is a discussion of the general principles and practices of cost accounting, applied to the needs and problems of textile mills. The aim is "to present sufficient illustrations and material for the development of a control suitable to meet individual requirements."

In the opening chapter the author launches into an interesting discussion of the economic factors that control the cost of an article and an analysis of these factors for several typical grades of products. It is particularly pleasing, after all that has been written concerning the necessity for an exact distribution of each cost element into its component parts and for the most minute allocation of each of those parts to the product or operation it affects, to read in Mr. Szepesi's book that the exactness of all this measuring should "be in proportion to the value." If raw materials represent the predominant element of cost, as in the case of cotton yarn, then that control is important which relates to the "use, flow and care of raw materials," with special attention given to the control of waste. Labor, burden, and selling expense, in such case, are comparatively unimportant and the simplest means possible should be adopted in allocating these items to cost. Some may maintain that this is not theoretically sound but it represents to the business man practical efficiency and an elimination of red tape, which, says the author, "is nothing less than measuring coal on a chemical scale."

The chapters which follow contain discussions of the cost elements, with particular emphasis upon burden, its factors and its proper application. The reader may feel that Mr. Szepesi is somewhat positive regarding the methods of burden distribution, though from the standpoint of practical mill operation the plans he proposes are quite probably the best. It is interesting to observe that along with his argument for including interest on capital investment as a part of cost the author proposes a definite rate to be used. He suggests that a rate of four per cent, lying between federal, state, and municipal bonds and mortgages on real estate with proven title, should

be secured. The rate to be used in such computations has been one of the moot points in this whole interest controversy, and there are undoubtedly those who would maintain that Mr. Szepesi's four per cent is not the rate to be used.

After completing the discussion of the cost elements the author takes up the methods of control. The control accounts of a modern cost organization, including the interlocking of the general financial accounts and the manufacturing and operating accounts, are well discussed. Although very satisfactory results are often obtained where no such interlock exists, too many business men fail to realize that the only certain proof of the accuracy of a cost system is the complete interlocking of the financial and production accounts. The various control records are next discussed. These provide for the purchasing, storing, and requisitioning of materials and supplies, for the various processes through which work in progress passes, and include the various production records. Ample illustrations are given for each.

The last third of the book deals with the records to be used for registering the progress of production. Specific illustrations and numerous forms are given. Final chapters discuss cost control without red tape and illustrate the cost procedure. The illustrations throughout the book relate specifically to mill operation. Numerous tables, directions for preparing reports and distributing expenses are included, together with a large amount of other useful material.

The book as a whole will probably prove of interest only to the mill operator and to the professional cost man. The opening chapters, however, dealing with the general elements of cost, will be of interest to any reader of accounting or business literature, for the method of presentation enables the reader to visualize just why and how each of the several elements of cost comes to exist, and why their solution is necessary to business success. Mr. Szepesi has written a volume which will stimulate real productive thinking on this important subject—the control of costs in textile mills.

J. HUGH JACKSON.

Economics of Bridge Work: a Sequel to "Bridge Engineering." By J. A. L. WADDELL. (New York: John Wiley & Sons, Inc. 1921.)

The present work, by a trained engineer of large experience and reputation, is of significance to students of economics. It is one of many indications of the spread of the ideal of economic training in technical education. The graduates of our technical colleges have long been objects of criticism because in the practice of their profession they have been guided almost solely, or too largely, by the ideal of technical perfection regardless of economic considerations. Men of affairs and the general public have been able to point to buildings

planned with reference to medieval conditions, or built of materials not available in the neighborhood; and to trolleys made technically perfect, but at a cost quite unjustified by traffic.

The author of this book has long been a vigorous critic of the over-technical tendencies in engineering education. As the chairman of a committee of the Society for the Promotion of Engineering Education, he brought in a report about 1916 urging strongly the increasing study of economics in engineering schools. This report went beyond the views of the more technically inclined majority of the Society and a new committee that was appointed returned to their blueprints, recommending that economic instruction requiring at least two or three years should be compressed into a single term.

Dr. Waddell then turned with his characteristic energy (seemingly undiminished by his 67 years) to the task of demonstrating what might be done toward recognizing and emphasizing the economic factors in every corner of his own special field of bridge building. The value of the resulting work on its engineering side can be judged eventually only by practical bridge engineers. It would seem to the layman to be full of valuable suggestions in that direction; but the work in numberless points has interest to the student of general economic principles. It is true that the author's conception of economics is pretty narrowly confined to the specific problem of building particular bridges at definite points at the lowest cost in money. He defines economics as "the science of obtaining a desired result with the ultimate minimum expenditure of effort, money, or material." He gives but slight attention to the question of what is "desired," or why it is desired, as shown by such things as the tax-paying power of the community, its population and resources, or the traffic to be taken care of. How much is still left to the engineering student to prepare himself really to solve the economics of bridge building may be partly inferred from the almost entire absence of any discussion, in any general way, of interest rates, or price levels, or the business cycle, or wage rates and their variations, both in time and geographically. The apparent exceptions are most meagre, referring to very specific situations. For example, the "effect on economics from variations in market prices of labor and materials" (title of chapter 4) is dismissed with little more than the statement: "There is a tendency for all prices to rise and fall more or less uniformly. If they were to do so exactly, the effect on the economics will be absolutely *nil*." Entirely absent is the thought here or elsewhere that the variation of the price levels and of interest rates make the building of the whole bridge more or less economic at a certain time, especially when it is paid for by incurring a debt. The author's thought here and throughout is almost entirely, so to speak, regarding

the internal economics of the problem, the relative economy, for example, of cement or iron at their prices of the moment.

This work is a pioneer effort to deal with economics in a technical art. One can recall only the notable *Economic Theory of the Location of Railways*, by Wellington, and a few minor essays in similar fields. Such an enterprise is most laudable, and cannot fail to have valuable fruits, not only because of its own merits but because of its influence and example. Not the least of its services may be to reveal to the engineers the narrowness of their conception of economic problems and of economic study, and the need of much broader and deeper training in the relations of the engineer to the economic conditions and needs of the community.

FRANK A. FETTER.

NEW BOOKS

- ARNETT, T. *College and university finance*. (New York: General Education Board. 1922. Pp. xi, 212.)
- ASPLEY, J. C. *Field tactics for salesmen; a review of actual plans and methods successfully used by salesmen in all lines of business to organize a territory, handle balky buyers, meet common objections and conserve time*. (Chicago: Dartnell Corporation. 1922.)
- BASSET, W. R. and HEYWOOD, J. *Production engineering and cost keeping for machine shops*. (New York: McGraw-Hill. 1922. Pp. 311. \$3.50.)
- BELDING, A. G. *Business correspondence and procedure for students in commercial and general secondary schools*. (New York: Ronald. 1922. Pp. xiv, 383.)
- BORSODI, R. *The new accounting; bookkeeping without books of original entry by the use of a natural system of double entry bookkeeping*. (New York: Dodd, Mead. 1922. Pp. x, 127.)
- BOYLE, J. E. *Cost of marketing grain: a history of certain carloads of grain from the farmer to the terminal buyer*. (Ithaca, N. Y.: Author, Cornell Univ.)
- BOCHWALD, M. G. *Property accounting for national guard organizations*. (Washington: U. S. Infantry Assoc. 1921. Pp. 63.)
- BULL, A. E. *The business man's guide to advertising*. (New York: Pitman. 1922. 75c.)
- CHAMBONNAUD, L. *La technique des affaires (méthodes françaises et étrangères. IX, Les affaires et leur lancement*. (Paris: Dunod. 1922. Pp. 395.)
- CLARK, W. *The Gantt chart; a working tool of management*. (New York: Ronald. 1922. Pp. xii, 157. \$2.50.)
- COLLIER, G. A. *Business methods of marketing hay*. U. S. Department of Agriculture, Farmer's bull. 1265. (Washington: Supt. Docs. 1922. Pp. 25.)
- DEWING, A. S. *Corporation finance*. (New York: Ronald. 1922. Pp. 457. \$2.75.)

DICKSEE, L. R. *The true basis of efficiency.* London School of Economics and Political Science, Studies in commerce, vol. I. (London: Gee & Co. 1922. Pp. 89.)

One of a series of studies in commerce edited by Beveridge and Sargent. Four chapters deal with training, equipment, leadership and morale. The appendix contains a paper on Unrest and Its Cure, by John Murray.

DINSMORE, J. C. *Purchasing; principles and practices.* (New York: Prentice-Hall. 1922. Pp. x, 295. \$6.)

DOLCH, E. W. *Manual of business letter writing.* (New York: Ronald. 1922. Pp. x, 327. \$2.25.)

DRURY, A., compiler. *World metric standardization: an urgent issue.* (San Francisco: World Metric Standardization Council, 681 Market St. 1922. Pp. 524. \$5.)

The subtitle reads "A volume of testimony urging worldwide adoption of the metric units of weights and measures—meter-liter-gram."

DUGDALE, B. H. *Mortgage loan values; a few comments on various matters pertaining to real estate mortgages.* (Indianapolis, Ind.: Constance Dugdale, 1220 State Life Bldg. 1922. Pp. 248. \$2.50.)

DUNN, A. *Scientific selling and advertising.* (New York: Harper. 1922. Pp. xxv, 159. \$3.)

In a very enthusiastic volume replete with picturesque phrases and anecdotes the author tries to inspire the immature salesman. The expectation which the title word "scientific" arouses is disappointingly unfulfilled.

C. L. S.

EDIE, L. D., compiler. *Practical psychology for business executives.* (New York: H. W. Wilson. 1922. Pp. xxvii, 392. \$2.40.)

From an incalculable mass of psychological and economic literature Professor Edie has chosen representative excerpts on such topics as The Basis of Industrial Relations, Self-assertive Management, and Industrial Pathology. Among the psychologists quoted are Scott, McDougall, Thorndike, Hollingworth, Link, and Myers; among the economists, Parker, Taussig, Babson, Fisher, Wolf, Tead, and Gilbreth. Such a symposium is a real stimulus to an enlarged appreciation of the importance of psychological ideas in economic development.

Unfortunately, the quotation, without comment or introductory critique, of conflicting views on the instincts (*e. g.*, Thorndike and Hall) may seriously confuse the more searching reader, especially if he be unacquainted with the present-day developments in psychology. This editorial oversight lessens the convincingness and the utility of an otherwise admirable volume.

CHARLES LEONARD STONE.

FARQUHAR, H. H. *Factory storeskeeping: the control and storage of materials.* (New York: McGraw-Hill. 1922. Pp. 182. \$2.50.)

GILES, J. H. *Farm-ranch bookkeeping.* (San Antonio, Tex.: Lodovic Printing Co. 1922. Pp. 45.)

GRANT, H. D. *Practical accounting for the general contractor.* (New York: McGraw-Hill. 1922. Pp. 254. \$3.)

GRIFFIN, B. W. *Installment sales and collections*. (New York: Prentice-Hall. 1922. Pp. 204. \$4.)

HAMILTON, W. P. *The stock market barometer; a study of its forecast value based on Charles H. Dow's theory of the price movement*. (New York: Harper. 1922. Pp. 325.)

HAMMOND, E. J. *How to become a company secretary; being a guide to the secretarial profession*. (New York: Pitman. 1922. Pp. viii, 163. \$1.25.)

HAYWARD, W. S. and WHITE, P. *Chain stores: their management and operation*. (New York: McGraw-Hill. 1922. Pp. 412. \$3.50.)

HEYWOOD, D. H. *Personal efficiency and mind power building; course of twelve lessons*. (San Francisco: Thomson-Heywood Co. 1921. Pp. 144. \$2.)

HITCHCOCK, C. N., editor. *Forms, records and reports in personnel administration*. (Chicago: Univ. of Chicago Press. 1922. Pp. 128. \$1.75.)

The purpose is "to suggest the type of data in the field of industrial relations which the management of a business should have at its disposal, the records necessary for its collection and some possible methods of presenting it for administrative use."

HUBBART, G. R. *Thirty practical lessons in advertising and selling*. (New York: U. P. C. Book Co. 1921. Pp. 80. \$1.)

IVEY, P. W. *Principles of marketing: a textbook for colleges and schools of business administration*. (New York: Ronald. 1921. Pp. 351.)

The purpose of this treatise is "to introduce the student to the marketing process. It does not attempt to describe all phases of the marketing functions. . . . It seeks rather to unify the subject through analysis and the formulation of principles."

The successive chapters treat of: Differentiation of Marketing Functions; Integration of Marketing Functions; The Wholesaler; New Types of Wholesalers; The Department Store; The Chain Store; The Mail Order House; Retailer's Market Analysis; Manufacturer's Market Analysis; The Rôle of Advertising in a Buyer's Market; The Incidence of Advertising Costs; Trade-Marks and Unfair Competition; Price Determination; The Cost of Merchandising; Marketing Agricultural Products; Critique of Existing Marketing System.

The treatment of the Incidence of Advertising Costs is a distinct contribution to the study of marketing, especially in view of the present tendency in marketing literature to make categorical statements concerning this topic. The author analyzes the process of price fixation, with special reference to advertising costs, under conditions of constant, decreasing and increasing costs of distribution, and also under conditions of fixed supply and joint cost, concluding that the incidence is by no means the same in all cases. This analysis is thoughtfully made, and should prove very helpful to students of the subject, though not quite enough recognition has been given by the author to the influence on price of other cost factors than those of distribution.

With the exception of the chapters on advertising costs, the book is a general discussion of the chief features of the marketing system and the problems to which it gives rise. There is little attempt to present any of the data upon which his analysis and consequent statement

of principles rests. The book on the whole reads well, and is relatively free from technical errors in statement, but there is little that is new either in material or form of organization, and the reviewer believes that frequently the generalizations are too sweeping. Illustrations are such statements as the following: "The producer, because of his proximity to the middleman and his removal from the customer, is inclined to energize over lowering costs of production so that he may be able to offer a lower price to the middleman rather than to render his products more capable of giving satisfaction to the consumer" (p. 9). "Why anyone should believe that in production a subdivision of processes is desirable but that in distribution it is not, is difficult to understand" (p. 16). "Chain stores grew up in response to the demand for them as evidenced by the manufacturer's willingness to give quantity discounts to any organization of retailers able to buy in bulk" (p. 73).

ARTHUR E. SWANSON.

JOHNSON, G. F. and others. *The management and the worker*. (Chicago: A. W. Shaw Co. 1922.)

KIRK, J. G. and STREET, J. L. *Bookkeeping for modern business, advanced course*. (Philadelphia: John C. Winston Co. 1921. Pp. 118.)

KRAUSE, L. B. *Better business libraries—talks with executives*. (Chicago: Indexers Press. 1922. Pp. 98.)

Contains bibliographical references relating to periodicals and financial documents related to business.

LUNT, E. C. *Surety bonds*. (New York: Ronald. 1922. Pp. 370. \$2.50.)

MALLET, D. T. *Who makes what; buyers' encyclopedia, reference directory of manufacturers' products and trade names*. (New York: Hardware Dealers' Mag., 480 Lexington Ave. 1921. Pp. 400. \$2.)

McGILL, F. E. *Office practice and business procedure*. (New York: Gregg Pub. Co. 1922. Pp. 308.)

McKEE, H. S. *The A B C's of business*. (New York: Macmillan. 1922. \$1.)

OPDYKE, J. B. *Business letter practice*. (New York: Pitman. 1922. Pp. xix, 581. \$2.50.)

ORWIN, C. S. *Farming costs*. New edition. (New York: Oxford Univ. Press. 1921. Pp. 141. \$3.85.)

POWELSON, J. A. *General accounting*. Vol. I. (Syracuse, N. Y.: Syracuse Extension Inst. of Accountancy. 1922.)

RISQUE, F. W. *Bookkeeping and business management*. (New York: U. P. C. Book Co. 1922. Pp. 192. \$2.50.)

RITTENHOUSE, C. F. and PERCY, A. L. *Accounting problems: intermediate*. (New York: McGraw-Hill. 1922. Pp. xiii, 429. \$5.)

A compilation of problems illustrated by model statements of various types, rather than a presentation of accounting theory. It is designed for second-year students or those further advanced.

Part I consists of more than 40 model forms and statements with comments and interpretations; and part II, of 400 or more classified problems and questions in accounting theory. At the close of each section is a bibliography.

RUSS, W. W. and SMALL, F. L. *Scientific allowance and cost system for upper leather cutting in shoe factories.* (Boston: Shoe Trades Pub. Co. 1922.)

SCHAUB, L. F. and ISAACS, N. *The law in business problems: cases and other materials for the study of legal aspects of business.* (New York: Macmillan. 1921. Pp. xxxiv, 821.)

The analytical method of arrangement and treatment in this recently published volume on commercial law, which is intended for business men and students in universities and colleges, is unique. The book was looked for eagerly in collegiate schools of business because of the attractive, scholarly, and convincing way in which Professor Isaacs had previously presented his views on commercial law teaching as distinguished from law school teaching (*Journal of Political Economy*, vol. XXVIII, Feb., 1920). Each of the two points of view presented—that of the law student and that of the student of business—calls for thorough scholarship; the book is not for a superficial reader. The method, involving case study in combination with text, shows historical development with the following new feature: certain subjects are broken up into combinations based upon the problems of the business man rather than the problems of the specialist. That is, the law of corporations is not found all together in one portion of the work; part of it is under the "Nature and formation of business relations"; part under "Relation as to outsiders"; part under "Internal relations of business organization"; and part under "Dissolution and accounting as to business relations." Partnership law is split up in the same way, and so is Agency. The formation of relations in business organizations is made the important thing, for example, and fifty-two pages of legal treatment are given to it under the subtopics Agency, Partnership, and Corporations; the primary advantage is that a comparison may be made of these forms of business associations.

To the business man this is very logical, and it appeals to the student. The lawyer and the law-trained person are confused by the arrangement and are as shocked as the old-time merchant when his junior partner substitutes ledger cards for the bound ledger. But the book is not intended for lawyers primarily, although it may aid them in getting a comprehensive viewpoint of modern business. The teacher of commercial law in collegiate schools of business will welcome the volume for class use if he can adjust his course to it, and for personal use under any circumstances. It is greeted kindly by the commercial educators who believe that all subjects of commerce should be taught in their relation to other subjects and with constant reference to the place they fill and the service they perform in the general business life. The chapter on "Nature and sources of the law" is particularly valuable. Business law educators will find that such chapters as "Limitations on trading and duty to serve the public" will close up existing gaps very satisfactorily.

S. W. GILMAN.

University of Wisconsin.

SECRIST, H. *A business barometer for retailers.* (Chicago: Northwestern Univ. School of Commerce, Bureau of Business Research. 1922. Pp. 20. 50c.)

Although various studies of trade conditions and operating expenses in several kinds of business have been made by the Bureaus of Business

Research of both Northwestern and Harvard Universities heretofore, there seems to have been no attempt to present the results in such form that they could be used as a distinct measure of trade and operating expense tendencies. Investigation of this nature should be extended to all retail fields, and retail associations should coöperate fully in such studies.

This pamphlet, dealing with a barometer for the retail clothing business, is a decided advance in the relatively unexplored field of special barometers. The general business barometer becomes more valuable as the special barometers are developed for each kind of business. One is complementary to the other, and when manufacturers and distributors are made to realize this, business forecasting will take tremendous strides. Professor Secrist's study has been extensive enough geographically and chronologically to warrant the drawing of definite conclusions as to the trade and expense tendencies to expect from two different angles, namely, with a varying size of store, and with different conditions of operation. Apart from content, it may be criticized for not presenting the conclusions and principles in a way that would be more likely to gain the attention of the retail clothing merchant, to whom the message is most useful. It is suggested that each conclusion reached should be presented in bold-faced type, and that a final summary of all conclusions should be made in the same sort of type, and preferably placed on a front page. Perhaps simple and specific instructions on the use of this barometer should also be given to the retail clothing merchant. The pamphlet, however, is excellent even without this summary, and is to be recommended to all retailers.

ROGER W. BABSON.

SHURICK, A. T. *Coal mining costs*. (New York: McGraw-Hill. 1922. Pp. viii, 515. \$5.)

SPIEGEL, J. *Modern business cyclopedia*. (New York: Modern Business Cyclopedia Corp., 1367 Broadway. 1922. Pp. 320. \$4.)

SPRAGUE, C. E. *The philosophy of accounts*. Fifth edition. (New York: Ronald. 1922. Pp. xxviii, 183. \$2.50.)

TIPSON, F. S. *The theory of accounts*. (New York: Isaac Mendoza Book Co., 15 Ann St. 1921. Pp. vii, 271. \$1.50.)

WHITE, P. *Market analysis: its principles and methods*. (New York: McGraw-Hill. 1921. Pp. 340. \$3.50.)

The various steps taken in analyzing the market for a particular company are presented here. In the first seven chapters the author covers the general subjects which have common application to research in all the fields of marketing. The first chapter serves as a general introduction. Then follow chapters on methods of securing data, analyzing data, organizing the survey, determining the problem and preliminary analysis. In the following eleven chapters, the author takes up the different elements of the marketing problem; describes for each of these the information that a survey should seek and discusses briefly the methods that can be used. The elements treated are the product, the company, the industry, competition, customers, the ultimate consumer, the nature and size of market, potentialities and limitations of the market, distribution, sales and advertising, and foreign markets. The final chapter treats of the application of a market survey to business.

The strong features of the book are the exhaustive description of the information needed on each of the elements in marketing and the practical approach to the subject. Each of the chapters is prefaced with an outline in question form. These outlines are commendably complete. The book should prove very suggestive to persons interested in market surveys, whether professional men or business executives.

The portions of the book which could be materially strengthened are particularly the preparation of the questionnaire, methods of statistical presentation, and graphing. Concerning the preparation of the questionnaire, the illustrations used are not representative of what can be done. The discussion of methods of statistical presentation is confined to a page and a half and is necessarily much abridged. It would seem that in a book which stresses scientific methods, there should be a more complete discussion of statistical method. In reference to graphing, several illustrations are used which call for the comparison of such pictured objects as houses, motors and meter indicators. The discussion of the bar chart is limited to a statement that Brinton proposed it as the best, and that in Brinton's estimation it is better than the curve or any other geometrical form. The circle chart, the author states, is an excellent method of showing component parts or comparisons of costs.

ARTHUR E. SWANSON.

WILLISTON, S. *The law of contracts*. Vol. V, *Forms*, by C. M. LEWIS. (New York: Baker, Voorhis & Co. 1922. Pp. xi, 725.)

The accountant's dictionary. Vol. I. Edited by F. W. PIXLEY. (New York: Pitman. 1922.)

Course in textile production methods. Vol. III, *Organization*. Vol. IV, *Handling equipment*. Vol. V, *Production records*. Vol. VI, *Management*. (New York: Business Training Corporation. 1922.)

Explanation of schedule for department stores. Publications of the Graduate School of Business Administration, Harvard University, bull. 29. (Cambridge: Harvard Univ. Press. 1922. Pp. 32. \$1.)

Methods of paying salesmen in the coffee roasting and grocery trade. Prepared by the New York University Bureau of Business Research, LEWIS H. HANEY, Director. (New York: N. Y. Univ. Bureau of Business Research. 1922. Pp. 15.)

This study was prepared for the National Coffee Roasters Association, and is in part based upon 76 replies to a questionnaire previously distributed. It shows that there is an entire lack of uniformity in the methods followed, and that there is need of developing cost accounting methods in order to secure standardization for purposes of comparison. The Bureau sums up its conclusions concisely on page 11.

New York curb exchange as viewed by 208 members of the American Economic Association. (New York: New York Univ. Bureau of Business Research. 1922. Pp. 11.)

Normal burden rates: some problems in their application. Official publications, July 1, 1922. (New York: National Assoc. of Cost Accountants. 1922. Pp. 12.)

Operating expenses in department stores in 1921. Publications of the Graduate School of Business Administration, Harvard University, bull. 33. (Cambridge: Harvard Univ. Press. 1922. Pp. 44. \$1.)

Operating expenses and profits of New York wholesale grocers during 1921. (New York: N. Y. Wholesale Grocers' Assoc., 100 Hudson St. Pp. 4.)

Questionnaire on personnel activities in the federal reserve banks and their branches. (Chicago: Federal Bank of Chicago, Committee on Personnel. 1922.)

The retail charge account. Prepared under the direction of the Educational Committee of the Associated Retail Credit Men of New York City. (New York: Ronald. 1922. Pp. xiii, 264.)

Retail inventory shortages and remedies. (Boston: Chamber of Commerce. 1922.)

Capital and Capitalistic Organization

Employers' Associations in the United States. By CLARENCE E. BONNETT. (New York: Macmillan. 1922. Pp. xviii, 594. \$4.00.)

We have had for years an extensive and constantly growing literature on trade unions; for the first time we now have a book devoted exclusively to employers' associations. This neglect, while it may be explained, cannot so readily be excused. If we are to understand the industrial conflict, we must know about both parties to it. We can have only lopsided and inaccurate explanations of it so long as the narrator proceeds in virtual ignorance of one of the parties involved. Whether our interest is in a scientific interpretation of industrial phenomena or in a practical solution of industrial disputes, the facts are equally essential. Professor Bonnett's book is a very timely contribution, of special interest at this time when issues such as the closed shop are being stubbornly fought.

In this pioneer investigation the author has undertaken to open up, not to exhaust, his subject. Aside from a few observations at the beginning and at the close of the book, he has foregone the privilege of offering his own interpretation, which does not appear except as a running comment and as the basis of the classification and organization of the material. From the profusion of citations one would conclude he had consulted and commented upon all the existing pertinent material. The bulk of the book is either in quotation marks or is supported directly by references.

Except in the introduction and in the summary and conclusions, the author confines himself to the analysis and description of typical associations. From the iron and steel industry he has selected the Stove Founders' National Defense Association as the only negotiatory, and the National Founders' Association, the National Metal Trades Association, and the National Erectors' Association as the typical belligerent associations. The Building Trades Employers' Association of New York City and the Building Construction Employers' Association of Chicago represent the building trades and are described as being

mainly negotiatory. The printing industry furnishes the American Newspaper Publishers' Association as a type of the negotiatory, and the United Typothetac of America as a partly belligerent organization. Not confined to any industry are the National Association of Manufacturers, the National Civic Federation, the League of Industrial Rights, and the National Industrial Conference Board, all of them propagandist associations but with widely different functions and aims. Finally, as a type of local association of the belligerent kind, is presented the Associated Employers of Indianapolis.

A definite order is followed in the analysis of all the selected associations. The membership and organization, the principles and aims, the activities and achievements, and the interrelations with other associations, are the standard parts of the discussion. The evolution from one attitude to another, or from one form of organization to another, is presented when the change has been marked or significant. To cull out of a vast mass of material, most of it indifferently poor for this purpose, so much that is interesting and useful, and to organize it without appearing to repeat, must have been a difficult task, but one that has for the most part been creditably performed. To intelligent employers and labor leaders, as well as to the student with an industrial background, the somewhat technical terminology should present no difficulties. On the part of the general reader it requires careful thinking; and it ought to stimulate something of the same sort in others.

It is no fault of the book that it does not give us everything that could be wished in its field. There are other industries than those mentioned in which collective bargaining has been developed to some extent, such as the mining, transportation, textile, and clothing industries; in most of them the conditions are somewhat peculiar, causing one to wonder whether in them employers' associations, in so far as they exist, are similar to those described. Upon further investigation, there will doubtless be presented a fuller treatment of the genesis and evolutionary changes in the more significant associations. The new book ought to stimulate new investigations to throw light on the interrelations and interactions of unions and employers' associations.

JENS P. JENSEN.

University of Kansas.

NEW BOOKS

MOODY, J. *The masters of capital: a chronicle of Wall Street.* (New Haven: Yale Univ. Press. 1921. Pp. ix, 234.)

PAGE, K. *The United States Steel Corporation: an analysis of the social consequences of modern business policies.* (New York: Doran. 1922. Pp. 82. 10c.)

Reprinted from the *Atlantic Monthly*, May, 1922.

SMITH, J. B. R., editor. *New York laws affecting business corporations*. Revised to May 1, 1922. Third edition. (Albany: U. S. Corporation Co. 1922. Pp. xxxii, 260.)

WILCOX, D. F. *Announcement—The basis of a public utility program*. Public utilities for public service, leaflet no. 4. (Grand Rapids, Mich.: Delos F. Wilcox, 436 Crescent St. 1922. Pp. 16.)

Federal Trade Commission service. Third edition. (New York: Corporation Trust Co. 1922.)

Public utilities reports, containing decisions of the public service commissions and of state and federal courts. Edited by H. C. SPURR. (Rochester, N. Y.: Public Utilities Reports, Inc. 1922. Pp. xxxii, 975.)

Labor and Labor Organizations

Industrial Unionism in America. By MARION DUTTON SAVAGE. (New York: The Ronald Press Company. 1922. Pp. v, 334. \$2.25.)

The main objects of this volume are to "describe the different industrial unions which are functioning today" and to "draw some general conclusions as to the direction in which the labor movement is likely to develop in the future." It necessarily gives considerable historical matter pertaining to the unions under review, but it does not attempt to relate their history in detail. It draws liberally on previous writers, such as Brissenden, Budish and Soule, and Schlueter, for some of the unions.

After giving attention to industrial unionism in England, to the Knights of Labor, and to craft unionism, the author considers industrialism as it has developed within the American Federation of Labor. One chapter shows the tendencies toward the industrial form of organization which have appeared in such "orthodox" unions as the Meat Cutters, the Longshoremen, and the Printers, and in the five Departments of the Federation. The author corrects the statement of Professor Commons and his associates that the Departments constitute the "industrial unionism of the upper stratum" by showing that the alliance of the different trades in the Departments is too loose to produce true industrial unionism. Separate chapters are given to the unions in the brewing industry, in coal mining, and in metal mining.

The second general section deals with those forms of revolutionary industrial unionism which have been designed to embrace workers from all industries. The organizations treated here are the Industrial Workers of the World, the Workers' International Industrial Union, and the One Big Union. A final section considers independent industrial unions, such as the Amalgamated Clothing Workers, the Amalgamated Textile Workers, and the less important industrial unions among railroad, metal, food, tobacco, and automobile workers.

The book affords an excellent summary of the development of in-

dustrial unions. Its treatment of the growth of industrialism during the past three years is especially useful. The philosophy of the industrialists is also well handled. Considerable attention is devoted to the differences in the viewpoints of the various unions as well as to the beliefs which they hold in common. It is clearly shown why industrial unionism, more than craft unionism, should advocate the democratic ownership and control of industry and champion the doctrine of the class struggle. Although the author contends that the industrial form of organization is likely to gain ground in the future, she does not believe that it is suited to all types of employment. The trade union will hold its own in many fields. Furthermore, she takes issue with those advocates of industrialism who contend that their system will abolish all jurisdictional disputes. Lines of demarcation between industries are often blurred.

The publishers have placed the volume on the market as a "business book." It should be an interesting experiment to approach the average business man with a book which describes the Industrial Workers of the World, even though this organization, as the author shows, has recently turned to the study of industrial management, technical processes, and blue prints.

FRANK T. STOCKTON.

University of South Dakota.

NEW BOOKS

ANDREW, J. B. *Labor problems and labor legislation*. Second edition, completely revised. (New York: Am. Assoc. for Labor Legis., 131 East 23d St. 1922. Pp. 135.)

ASKWITH, LORD. *Industrial problems and disputes*. (New York: Harcourt, Brace & Co. 1921. Pp. x, 494. \$5.)

Lord Askwith writes from a long and successful experience as a mediator and arbitrator in industrial disputes. After several years of intermittent service undertaken at the request of the Board of Trade under the Conciliation act, during which time he continued to follow his profession of law, he entered the civil service in 1907 to give his entire time to the harmonizing of industrial relations. In 1911 he was made Chief Industrial Commissioner. He retired at the end of 1918 with the recognition of elevation to the peerage. His industrial memoirs constitute one of the most valuable contributions in English on the causes and methods of settlement of industrial disputes.

The book is in the form of a narrative, interspersed with comment and criticism. It gives us an "inside" history of all the important disputes in the United Kingdom during the period of Lord Askwith's activity. His account of the issues, the attendant circumstances adding to the difficulty of settlement, and the steps taken to secure adjustment, is most enlightening. The individual disputes are not treated as isolated occurrences but stand revealed as the product of general causes and tendencies. The interaction of demands and successes in one trade upon other trades is clearly brought out. Nor does he neglect to give us his impressions of

the leading actors and the incidents of human interest. It is not at all an impersonal account.

Much discussion is given to machinery and methods of governmental intervention in industrial disputes. There is an interesting chapter on the failure of the Industrial Council, established in 1911, of which the author was the first chairman, and another on his visit to Canada in 1912 to study the workings of the Canadian Industrial Disputes act. There is a great deal that is not to be found in the official reports. When he comes to the activities of the government in relation to labor during the war, he makes scathing criticisms of the policy, or lack of policy, of the Cabinet. He is especially severe on certain ministers who undertook to intervene.

Lord Askwith does not restrict himself to a discussion of industrial disputes. He is deeply concerned over the choice of occupations and the training of young workers. He gives his first five chapters to this subject. He expresses dissatisfaction with the labor exchanges and the government policy as to unemployment generally. He has great respect for the operation of economic forces and shows deep sympathy with the aspirations of the workers. These are not to be satisfied, he holds, through syndicalism or socialism, Marxian or guild.

D. A. McC.

BRODERICK, J. T. *Pulling together*. (Schenectady, N. Y.: Robson & Adee. 1922. Pp. 141. \$1.)

A sympathetic discussion of the relations of capital and labor and a plea for employee representation in the management of industry. The author has had extensive business experience.

DE MONTGOMERY, B. G. *British and continental labour policy*. (London: Routledge. 1922. 21s.)

FELT, D. E. *Is organized labor slipping?* (Chicago: Felt & Tarrant Manufacturing Co.)

HODGSKIN, T. *Labour defended*. Introduction by G. D. H. COLE. (London: Labour Pub. Co. 1922. 1s. 6d.)

MEYER, E. *Die zukünftigen deutschen Arbeitsgerichte*. (Berlin: Engelmann. 1922.)

MORROW, E. H. *The Lynn plan of representation*. (Lynn, Mass.: General Electric Co. 1921. Pp. 48.)

Thesis submitted in partial fulfillment of the requirements for the degree of Master in Business Administration at the Harvard School of Business Administration.

ORTH, S. P. *The armies of labor; a chronicle of the organized wage-earners*. (New Haven: Yale Univ. Press. 1921. Pp. ix, 279.)

PAGE, K. *Collective bargaining; an ethical evaluation of some phases of trade unionism and the open shop movement*. (New York: Doran. 1922. Pp. 32. 10c.)

SCELLE, G. *Le droit ouvrier*. (Paris: Lib. Armand Colin. 1922. Pp. 210. 5 fr.)

A discussion of the rights of the workingman under the French law, and a history of their development from the time of the French Revolution till today. The author's conclusion is that the present weakening

of the power of organized labor in France is only temporary; he looks forward to the development of that power through a combination of unionism and syndicalism by which "the union shall become the representative of organization by trades," and the acts of the "councils" of workmen and employers, from the shop council up to the national council, shall be recognized by the law and lead to a more coöperative spirit and the abolition of strikes. By the way is an interesting discussion of compulsory arbitration.

R. R. W.

SNOWDEN, MRS. P., THOMAS, J. H. and others. *What we want and why.* (London: Collins. 1922. 7s. 6d.)

STONE, G. *A history of labour.* (New York: Macmillan Co. 1922. Pp. 416.)

The author describes his work in the preface as "a humble attempt to depict in the broadest manner possible the history of the masses, not only in England, but in other countries also, from the days when they were slaves to the days when they are free." Tested by the standards of scholarly writing the book falls far short of the promise of its title. It is incomplete in its treatment of many situations which it takes up, and it is weak in its exposition of the workings of the economic forces which have brought about great changes in the position of agricultural and industrial labor. The references to other countries than England are incidental rather than complementary. As a history of the masses it adds nothing to the facts already available in standard works and it leaves out much that is essential to a well-balanced historical account.

The reason for the book, however, is quite other than the impersonal writing down of the results of scholarly research. The author's purpose is frankly to show that "natural tendencies favour evolution and oppose most sharply revolution." It is an argument for parliamentary action as against direct action. He attempts also to throw the guild socialists into confusion by showing that political democracy has not left the ordinary man substantially in the old bondage but has advanced his economic condition and can be used to advance it much more. So dominant is this thought that majority rule is the way of economic salvation for the masses that he makes the Reform Bill of 1832 the dividing line between the two parts of the book, the "Past" and the "Present."

The "Past" occupies over half the book. The "Present" opens with a chapter depicting the struggle for the reform of the parliamentary franchise. The story moves on rapidly thereafter through factory acts, minimum wage laws, housing acts and provision for free education. Here, as in part one, interesting and graphic descriptions are woven into the warp of well-known facts. The trade unions are not assigned a very important part in the upward movement. They get but one chapter for themselves and this is the last chapter of the "Past." It deals largely with their legal position and political activities, and ends with a warning against direct action. The final chapter is an argument against nationalization of the coal mines.

D. A. McC.

VALDOUR, J. *Ouvriers parisiens d'après-guerre.* (Paris: Rousseau. 1921.)

VERNON, H. M. *Industrial fatigue and efficiency.* (London: Routledge. New York: Dutton. 1921. Pp. viii, 264. \$5.)

Innumerable tables and graphs, and the citation of data concerning the production of bobbin-winders, metal-polishers, drillers, riveters, weavers, coal miners, and workers in many other occupations make this volume a storehouse of concrete facts regarding production and fatigue. The problems of hourly, daily and seasonable output, length of day, night work, over-time, shifts, breaks, rest periods, limitation of output, lost time, sickness, accidents, and mortality are all treated with considerable industrial data. Rather too little space, as a matter of fact, is devoted to interpretation of the data; and the reader, impressed with the infinite number of variables affecting production through subjective or objective fatigue, is likely to be more bewildered than inspired by the inclusiveness of the experimental method. Summaries isolating the salient facts would greatly enhance the value of the book.

CHARLES LEONARD STONE.

WATKINS, G. S. *An introduction to the study of labor problems.* (New York: Crowell. 1922. Pp. xv, 664. \$3.)

WOODBURY, H. S. *The working children of Boston—study of child labor under a modern system of legal regulation.* Children's Bureau pub. no. 89. (Washington: Supt. Docs. 1922. 25c.)

Clothing workers of Chicago, 1910-1922. (Chicago: Amalgamated Clothing Workers of America, 31 Union Sq. 1922. Pp. 424.)

Engineering trades dispute, 1922. Report of the Court of Inquiry appointed under the Industrial Courts act, 1919. (London: H. M.'s Stationery Office. 1922. 6d.)

Less than a living wage. (New York: Consumers' League of N. Y., 289 Fourth Ave. 1921. Pp. 9.)

List of societies affiliated to the Labour party. (London: The Labour Party, 33 Eccleston Sq. 1922. Pp. 59.)

Report of the executive committee of the Labour party, 1921-1922. (London: The Labour Party. 1922. Pp. 140.)

A study in labor mobility. By the Industrial Research Department, Wharton School of Finance and Commerce, University of Pennsylvania. Supplement to *The Annals*, vol. CIII, no. 192, Sept., 1922. (Philadelphia: Am. Academy Pol. and Soc. Sci. 1922. Pp. 75.)

In coöperation with a number of firms representing a wide variety of employments, the Industrial Research Department of the Wharton School has undertaken to carry on a series of continuing investigations of personnel problems in the Philadelphia district. Two distinctive features are the limitation of area and the continuous reporting of data by the employers in accordance with instructions furnished by the Department. Of these investigations, the study of labor mobility, begun in January, 1921, is the first fruit. The monograph presents an outline of the scope and method of the investigation and a preliminary report of findings, based on the data secured in the first eighteen months. The study has been made and the report prepared under the direction of Miss Anna Bezanson. It is a modest and highly suggestive introduction to an important piece of research—important in method as well as in subject. Further reports on the progress and results of this study will be awaited with interest.

D. A. McCABE.

Two investigations in potters' shops. Reports to the Industrial Fatigue Board. (London: H. M.'s Stationery Office. 1922. 2s. 6d.)

Wage changes in various countries, 1914-1921. (Geneva: International Labor Office. 1922. Pp. 76. 40c.)

Wages in foreign countries. Research report no. 53. (New York: National Industrial Conference Board. 1922. Pp. 131. \$1.50.)

Wages and hours in American manufacturing industries, July, 1914-January, 1922. Research report no. 52. (New York: National Industrial Conference Board. 1922. Pp. 245. \$2.)

Money, Prices, Credit, and Banking

The Guaranty of Bank Deposits. By THOMAS BRUCE ROBB. (Boston: Houghton Mifflin Company. 1921. Pp. xiv, 225. \$2.25.)

The first twelve years of the history of the experiment in the guaranty of bank deposits carried on in this country in Oklahoma, Kansas, Nebraska, Texas, South Dakota, North Dakota, Mississippi and Washington are the subject of this little book, which belongs to the Hart, Schaffner and Marx series and was awarded second prize in the competition for the year ending June 1, 1919. The historical portion, chapters 3 to 7 inclusive, is preceded by a chapter on the nature of bank credit and by one entitled "Government guaranty of bank credit," and is followed by "The effect of the laws," a conclusion, and a bibliography and index.

The author's discussion of the nature of bank credit is very brief (six pages) and follows traditional lines. He calls attention to the function of banks as intermediaries between the lenders and borrowers of capital and emphasizes particularly what he calls their function as manufacturers of credit. He uses this term to describe what a bank does when it exchanges its notes or a credit balance on a checking account for the notes or other obligations of its customers due in the future. He also speaks in this connection of "the service a bank performs as an insurer of individual credit" (p. 4), but does not apparently note any discrepancy between the use of the terms "manufacturer" and "insurer" of credit as descriptive of the same function of a bank.

In the second chapter he traces the evolution of the problem for which the guaranty of bank deposits has been proposed as a solution, namely, that occasioned by the growth of deposit banking which has made the checking account the chief element in our modern medium of exchange. Before this comparatively recent development the bank note was the chief instrument of commercial banking and an important element in the medium of exchange, and the protection of the note holder was the chief aim of legislation designed for the safeguarding of the banking business. The growth of deposit banking has ren-

dered this old protective legislation comparatively ineffective as a safeguard against bad banking, and the essential similarity of bank notes and checking accounts, both from the standpoint of the bank and from that of the public, and the prominence of the mutual insurance idea in much of this old legislation suggest the mutual guaranty of bank deposits as the logical method of meeting the problem presented by the constantly increasing use of the checking account.

In the historical chapters he shows that the occasion of bringing this method of safeguarding the public against bad banking into the sphere of practical politics, in this country, was the hard times which succeeded the crises of 1893 and 1907. The combination of crop failures and business depression in our western states in the period following the crisis of 1893 produced a large number of bank failures and great distress among farmers. The Populist movement which resulted incorporated the guaranty of deposits among the other reform projects proposed. The bankers were in opposition at first and prevented legislation until the return of good times removed the chief causes of the agitation.

The idea reappeared in the Oklahoma Constitutional Convention of 1906, fathered by J. T. Dickenson, who had been prominent in Kansas in Populist days, and Charles N. Haskell, who afterwards became governor of the new state of Oklahoma. Failing in the constitutional convention, the advocates of the proposition submitted it to the first legislature of the new state, which was in session at the time of the panic of 1907, and, aided by the conditions accompanying the panic and by the executive committee of the Oklahoma and Indian Territory Bankers Association, they succeeded in making it law on December 13, 1907.

Similar fundamental conditions were responsible for the Kansas, Nebraska, Texas, and first South Dakota laws, passed two years later, though the detailed events leading up to them were different in each state. The destruction of the cotton crop by the boll weevil, accompanied by a large number of bank failures in 1912 and 1913, together with the prominence given to the idea by the laws in the other states and by its endorsement by the Democratic party in the campaign of 1908, accounts for the passage of the Mississippi law in 1914. The Washington and North Dakota laws, passed in 1917, were the result of agitation begun long before and aided in Washington by four bank failures in Seattle while the measure was pending in the legislature, and in North Dakota by the example of her sister state to the south.

In summarizing "the effects of the laws" in chapter 8, the author examines the arguments pro and con and weighs them in the light of the experience he has described.

His own predilections are clearly in favor of them, but both his

analysis and his statement of the opposing views are fair. He thinks that the opponents of the experiment have underestimated the need of protection to depositors, overestimated the tendency of guaranty laws to produce reckless banking, and overworked the argument that they cause injustice; but, on the other hand, he thinks that its advocates have overestimated its importance as a cure for panics and as a panacea for other banking ills. Like other forms of insurance this one, he thinks, is valuable and desirable if properly safeguarded. "Honest insurance," he says, "has proved a great blessing to mankind, but it is likewise true that corrupt and dishonest insurance may equally exploit the public. There is no magic about government insurance. If the state is to administer successfully a bank-deposit insurance company, it must be willing to pay the same price that is now being paid by the best private insurance companies. This is the great consideration and before it all other things must bow" (p. 203).

A defect in the author's summary and conclusion is his failure to consider, or even to imply that there are, other and possibly better means of protection of depositors than the mutual guaranty of deposits. He entirely overlooks the recent developments in banking practice and legislation in the direction of distinguishing more carefully than formerly between commercial and investment paper as investments for commercial banks, and in the better organization and supervision of our independent banks under the federal reserve system.

There are a number of careless and some incorrect statements scattered throughout the book. The following are examples: "It (the Bank of England) is permitted to issue up to about \$90,000,000 in notes which must be secured by government bonds" (p. 7). In the case of national banks "a gold deposit equal to five per cent of the note issue must be made with the Treasury" (p. 8). "In the strongholds of Populism the days of the protracted depression of 1893 were especially trying times" (p. 32). "Banking institutions gather in the funds that the public is temporarily not using and lend to private parties the credit which the bank erects on this foundation" (p. 179).

WILLIAM A. SCOTT.

University of Wisconsin.

NEW BOOKS

ARNAUNÉ, A. *La monnaie, le crédit et le change*. Sixteenth edition, revised. Vol. I, *La circulation.—Ses instruments.—Son mécanisme*. (Paris: Lib. Félix Alcan. 1922.)

BALDY, E. *Les banques d'affaires en France depuis 1900*. (Paris: Lib. Générale de Droit et de Jurisprudence. 1922. Pp. 391. 25 fr.)

A very complete history of the rise and development of commercial banking in France, from its commencement with the *Crédit Mobilier* in 1852. One section of the book is given to the time of the Great War and another to the years since the armistice.

R. R. W.

DEWEY, D. R. and SHUGRUE, M. J. *Banking and credit. A textbook for colleges and schools of business administration.* (New York: Ronald 1922. Pp. 506. \$3.)

FIGGE, J. *Die Preiskalkulation in industriellen Betrieben und ihre Wertung für die Brandschaden-Regulierung.* (Berlin: Mittler & Sohn. 1922. 24 M.)

HARDING, W. P. G. *Credit, currency and business. An address.* (Philadelphia: Federal Reserve Bank of Philadelphia. 1922. Pp. 26.)

HIRST, F. W. *The paper moneys of Europe.* (Boston: Houghton Mifflin. 1922. Pp. 47. 75c.)

A brief essay.

JEFFERIES, T. C. *A sketch and review of banking in New York state.* (Albany: Manufacturers Trust Co. 1922.)

Published in *Manufacturers Trust Company Quarterly Bulletin*, April, 1922 (vol. IV, no. 2), pp. 1-34. The author is assistant secretary of the Manufacturers Trust Company.

KUCZYNSKI, R. *Das Existenzminimum und verwandte Fragen.* (Berlin: Engelmann. 1922. 30 M.)

MELROSE, C. J. *Money and credit.* Introduction by IRVING FISHER. (London: King. 1922. 5s.)

MERRICK, R. G. *The modern credit company. Its place in business financing.* (Baltimore: Norman, Remington Co., Charles St. 1922. Pp. 81. \$1.25.)

MEYER, E., JR. *Farm financing and business prosperity.* (Washington: War Finance Corporation. 1922. Pp. 14.)

PAILHAS, A. *L'argent-métal, la hausse des cours de 1914 à 1920.* (Paris: Lib. Générale de Droit et de Jurisprudence. 1922. Pp. 196. 15 fr.)

An elaborate account of the amount of silver produced; the demand made for it by different countries, especially by India; the world's stock of silver; the market during the years mentioned, with an account of the Pittman act. There is a good bibliography. On page 140 doubt is cast on the accuracy of the *United States Mint Report of 1916.*

R. R. W.

ROBERTSON, D. H. *Money.* (New York: Harcourt, Brace & Co. 1922. Pp. xii, 182.)

"A work of exposition, and in no sense of originality and research," is the author's definition of this, the second in the series of Cambridge Economic Handbooks, of which series Mr. J. M. Keynes is editor. The author's general attitude toward the subject is indicated by his statement that while it is important to seek a solution for our monetary problems, we should not expect too much from such a solution. "The real economic evils of society—inadequate production and inequitable distribution—lie too deep for any monetary ointment to cure."

Mr. Robertson defines money as "anything which is widely accepted in payment of goods." This inclusive definition (with which the reviewer concurs) permits the author to discuss topics not always found in treatises on money. Thus he discusses bank reserves, interest on bank loans, the relation between the war debt, treasury bills, ways and means

advances and the price level, the foreign exchanges, the manipulation of the rate of interest, and the rationing of bank loans.

A return to the gold standard of before the war is advocated, not because it is ideal, but because in the absence of that we are not likely to have any standard which would be even measurably satisfactory.

The most distinctive feature of the volume is its sprightly and humorous style. Like Hartley Withers, Mr. Robertson seeks to remove the difficulties of his subject by an entertaining presentation. He succeeds very well; sour indeed must be the reader who fails to chuckle at various places in the book. The dialogue in chapter 3, between "Mr. Bradbury," a British Treasury note, and the seeker after knowledge is particularly recommended. On the subject of token money, for example, the treasury note says—"You'll be saying next that the cattle of the ancient Greeks and the tobacco of the Red Indians and the knives of the Chinese were better money than I am, because you could use them to eat or to smoke or to kill people with. You might as well say that Harry Lauder would make a better Prime Minister than Lloyd George, because he could make a living by singing comic songs if he got turned out of office." The quotation from *Alice in Wonderland*, which introduces the chapter on the foreign exchanges is also very appropriate.

The book is well worth reading and might very profitably be put in the hands of beginning students in the subject, but the treatment is too summary to make the volume fully satisfactory as a text.

N. R. WHITNEY.

SANDHEIM, J. H. *Law of building and loan associations*. Second edition. (Philadelphia: Smith-Edwards Co. 1922. Pp. 376.)

WELTON, A. D. and CRENNAN, C. H., editors. *The federal reserve system; its purpose and work*. The Annals, Jan., 1922. (Philadelphia: Am. Academy of Pol. and Soc. Science. 1922.)

WRIGHT, I. *Bank credit and agriculture*. (New York: McGraw-Hill. 1922. Pp. viii, 340. \$3.)

Business revival and banking after depressions. (St. Louis, Mo.: First National Bank. 1922. Pp. 11.)

The effects of the war on credit, currency, finance, and foreign exchanges. (London: British Assoc. for the Advancement of Science. 1922. Pp. 23.)

Finance and banking in Finland. U. S. Department of Commerce, Trade information bull. 43. (Washington: Supt. Docs. 1922.)

Prepared in the Eastern European Division from reports by Leslie A. Davis, American consul at Helsingfors, and documents transmitted by him.

Proceedings of the Arizona Bankers' Association, eighteenth annual session. (Phoenix, Ariz.: Ariz. Bankers' Assoc. 1921. Pp. 172.)

Pronouncements of the court re cost of living and general order amending awards, May, 1922. (Wellington, N. Z.: Dept. of Labor. 1922. Pp. 28. 6d.)

Purchasing power of the farmer, reported by 325 country banks of the Middle West. (Des Moines, Ia.: Successful Farming. 1922. Pp. 51.)

Recent developments in commercial banking policy. (St. Louis, Mo.: First National Bank. 1922. Pp. 8.)

The statist. Annual British banking section. (London: "The Statist," 51 Cannon St., E. C. 4. 1922. 1s.)

Thirty-fifth annual convention of the Michigan Bankers' Association, 1921. (Detroit: Mich. Bankers' Assoc. 1922. Pp. 139.)

Public Finance, Taxation, and Tariff

NEW BOOKS

BERNHARDT, J. *The Tariff Commission.* Institute for Government Research, monograph no. 5. (New York: Appleton. 1922. Pp. 71.)

Contains chapters on the history, activities and organization of the Commission. In the appendix are a list of publications and a bibliography.

BOCQUET, L. *L'impôt sur le revenu, cédulaire et général.* Second edition. (Paris: L. Tenin. 1921. Pp. viii, 748.)

BODIN, P. *Les nouveaux impôts ont-ils fait faillite?* (Paris: Plon-Nourrit et Cie. 1922. Pp. 127. 4.50 fr.)

BUCK, A. E. *Budget making: a handbook on the forms and procedure of budget making with special reference to states.* (New York: Appleton. 1921. Pp. 234. \$3.)

The titles of the twelve chapters are as follows: The budget and its relation to government work; Budget-making authorities and their staff agencies; Character of the information required in budget making; Classification of the budget information; The estimate forms; Preparing the estimates and gathering other budget information; Reviewing and revising the estimates; The form and contents of the budget; Appropriation, revenue, and borrowing measures; Legislative consideration and action on the budget; Business standards and methods needed in carrying out the budget; Administrative organization and the budget.

CASSIN, R. *Le régime fiscal et juridique des titres nominatifs d'après les lois des 25 et 31 juillet 1920.* (Paris: Rousseau. 1922. Pp. 40.)

DEWEY, D. R. *Financial history of the United States.* Eighth edition. (New York: Longmans. 1922. Pp. 567. \$2.50.)

This new edition contains an additional chapter relating to the financing of the United States during the Great War. It brings the narrative through 1921.

EASTMAN, F. M. *A cumulative supplement to Eastman on taxation in Pennsylvania, containing all laws enacted from the publication of said work to the first day of July, 1921.* (Newark, N. J.: Soney & Sage Co. 1922. Pp. xxx, 1101-1643.)

FISK, H. E. *French public finance in the Great War and today.* (New York: Bankers Trust Co. 1922. Pp. 363.)

A careful and intensive study covering the period 1873-1922. Contains chapters on The cost of the Great War, How France financed the war, Post-war finance, The credit structure, The indemnity or war-fine of 1871, The budget, National expenditures and revenues, The national

- debt, History of the Bank of France, Crédit Foncier de France, Agricultural and popular banks, and Savings banks. There is a bibliographical list of eight pages in the appendix.
- FLINIAUX, A. *Quelques précisions sur les dettes des Etats-Unis envers la France ou des Français pendant la guerre de l'Indépendance et sur leur remboursement.* (Toulouse: Author. 1922. Pp. 16.)
- FOWLER, C. N. *The fundamental defects of the federal reserve system and the necessary remedy.* (Washington: Hamilton Book Co. 1922. Pp. 88. \$2.)
- FRASIER, G. W. *Control of city school finances.* (Milwaukee, Wis.: Bruce Pub. Co. 1922. Pp. 132. \$1.25.)
- JÈZE, G. *Cours de science des finances et de législation financière.* Sixth edition. (Paris: Giard. 1922. 20 fr.)
- KOBAYASHI, U. *War and armament loans of Japan.* Publications of the Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1922. Pp. xv, 221. \$2.25.)
- LABADIÉ, J. *Si j'étais ministre des finances (La politique de nouvel argent).* (Paris: Bernard Grasset. 1922. Pp. 274. 6.75 fr.)
- LANDRY, A. *La politique française des réparations devant l'opinion mondiale.* (Paris: Revue de France. 1922. Pp. 24.)
- LI, C. S. *Central and local finance in China.* Columbia University studies in history, economics and public law, vol. XCIX, no. 2. (New York: Longmans, Green. 1922. Pp. 187.)
- MOUNTSIER, R. *Our eleven billion dollars—Europe's debt to the United States.* (New York: Thomas Seltzer. 1922.)
- NICHOLS, P. *Taxation in Massachusetts: a treatise on the assessment and collection of taxes, excises and special assessments under the laws of the Commonwealth of Massachusetts.* Second edition. (Boston: Financial Pub. Co. 1922. Pp. liv, 821.)
- PORTER, K. H. *County and township government in the United States.* (New York: Macmillan. 1922. Pp. xiii, 362.)
Chapter 11 is entitled "The finance officers"; chapter 12, "Local charities and public health"; and chapter 14, "Roads and highways."
- REED, H. L. *Development of the federal reserve policy.* (Boston: Houghton Mifflin. 1922. Pp. vi, 352. \$3.50.)
- ROGER, F. *La réforme du régime foncier en France.* (Paris: Godde. 1922. Pp. 256. 10 fr.)
- THÉRY, E. *Conséquences économiques de la guerre pour la France.* (Paris: Belin. 1922. Pp. 350. 7 fr.)
- America's synthetic chemical and medicinal industry—"The way of progress."* The debate in the United States Senate on the Bursum amendment to the Tariff bill H.R. 7456. (New York: Synthetic Organic Chemical Manufacturers Assoc., 1 Madison Sq. 1922. Pp. 32.)
- La dette publique de la Russie.* (Paris: Lib. Payot. 1922. 12 fr.)
Contains essays by Raffalovich, Apostol, Micheslon, Bernatzky, and Novitsky.

Estate tax. Regulations 63 (1922 edition) under the Revenue act of 1921. (Washington: Supt. Docs. 1922. 10c.)

Experiences of cities with exemption of new construction from taxation. (New York: State Bureau of Municipal Information of the N. Y. State Conference of Mayors. 1922. Pp. 4.)

Regulations 55 (1922 edition) relating to stamp taxes on documents. (Washington: Internal Revenue, Treasury Dept. 1922. 5c.)

Tax exemptions on real estate, an increasing menace. (White Plains, N. Y.: Westchester County Chamber of Commerce. 1922. Pp. vi, 99.)

Population and Migration

NEW BOOKS

CARR-SAUNDERS, A. M. *The population problem; a study in human evolution.* (New York: Oxford Univ. Press. 1922. Pp. 516. \$7.)

DIXON, R. B. *The racial history of man.* (New York: Scribner's. 1922.)

ORTH, S. P. *Our foreigners: a chronicle of Americans in the making.* (New Haven: Yale Univ. Press. 1921. Pp. ix, 255.)

Fourteenth census of the United States, 1920. Vol. III, *Composition and characteristics of the population by states.* (Washington: Supt. Docs. 1922. \$2.50.)

Social Problems and Reforms

NEW BOOKS

ABEL, M. H. *Successful family life on the moderate income: its foundation in a fair start; the man's earnings; the woman's contribution; the coöperation of the community.* (Philadelphia: Lippincott. 1921. Pp. xii, 247. \$2.)

In twenty short chapters Mrs. Abel has presented her views on successful family life. A large share of attention is devoted to financial problems, but brief consideration is given to such topics as efficiency in housework, child training, family advancement, and "the satisfactions of life." One of the most interesting chapters is entitled "The housewife's contribution through housework." This is a clever defense of the home as an economical producing unit. Since Mrs. Abel sees in the housewife an efficient combination of comptroller, purchasing agent, superintendent, laborer, teacher, and entertainer, quite naturally she insists that such a position demands thorough training.

It is probably not unjust to say that few, if any, new facts are presented in this book, and that few new views are advanced. The tone of the work is homiletic rather than scientific. But right here lies the value of the essay: it is sincere, persuasive, and sane. In diction and in point of view it is adapted to the man or woman in the moderate income class. It is full of practical ideas on family finance. Perhaps the highest compliment the reviewer can pay Mrs. Abel is to confess his intention of trying out two of her specific suggestions.

Yet the reader of this book can hardly fail to discover that many vital points in successful family life have been ignored. One looks in vain

for a discussion of the things that should be considered before marriage. Certain prenuptial precautions have, probably, a large or even controlling influence on successful family life on the moderate income. That children are a necessary part of a family is taken for granted; yet not a word is said about the possibility of an excessive flock of children breaking the health of the mother and reducing the family to poverty. It would have been well worth Mrs. Abel's while to pause for a formal consideration of some of the most frequent causes of family failure, and of the means of combating these causes.

In short, *Successful Family Life on the Moderate Income* offers small contribution to the science of economics and fails adequately to cover the subject announced on the title page; but, as far as it goes, the book is sound and may well prove helpful to husbands and wives who have given little thought to family management.

FRANK H. STREIGHTOFF.

BABSON, R. W. *New tasks for old churches: studies of the industrial community as the new frontier of the church.* (New York: Revell. 1922. Pp. 190. \$1.)

BARNES, L. C. *Intensive powers on the western slopes.* (Philadelphia: Judson Press. 1922. Pp. 53. \$1.)

BIERSTADT, E. H. *Aspects of Americanization.* (Cincinnati, O.: Stewart Kidd Co. 1922. Pp. 260.)

BLOODGOOD, R. *The federal courts and the delinquent child: a study of the methods of dealing with children who have violated federal laws.* Children's Bureau pub. no. 103. (Washington: Supt. Docs. 1922. Pp. 71. 10c.)

BOSSARD, J. H. S., editor. *Child welfare; with a supplement on present-day social and industrial conditions in Austria.* The Annals, Nov., 1921. (Philadelphia: Am. Academy of Pol. and Soc. Science. 1922. \$1.)

BROGDEN, M. S. *Handbook of organization and method in hospital social service: an outline of policies as practiced at the Johns Hopkins Hospital.* (Baltimore, Md.: Norman, Remington Co. 1922. Pp. 77. \$2.50.)

BRÜERE, R. W. *The coming of coal.* Prepared for the educational committee of the commission on the church and social service of the Federal Council of the Churches of Christ in America. (New York: Y. M. C. A. Press. 1922. Pp. 123. \$1.)

CHESTERTON, G. K. *Eugenics and other evils.* (New York: Dodd, Mead & Co. 1922. Pp. 188.)

CLARK, W. I. *Health service in industry.* (New York: Macmillan. 1922. Pp. ix, 168.)

In a compact, readable and practical volume Dr. Clark explains the organization and function of the factory dispensary, the function and problems of the industrial physician and the industrial nurse. Although based on a course given by the author at Harvard Medical School, the book is unencumbered with professional or technical terms; rather, its simplicity and concreteness commend the book to the industrial executive.

C. L. S.

CORBIN, J. *The middle class and the future.* (New York: Scribner's. 1922. \$3.)

- COX, G. C. *The public conscience; social judgments in statute and common law.* (New York: Holt. 1922. Pp. xix, 477. \$3.)
- DARROW, C. *Crime: its causes and treatment.* (New York: Crowell. 1922. Pp. 292. \$2.50.)
Contains a chapter on Industrialism and Crime (pp. 203-213).
- DARLINGTON, T. *Health and efficiency.* (New York: Wynkoop, Hallenbeck, Crawford Co. 1922. Pp. 262.)
- ELLWOOD, C. A. *The reconstruction of religion: a sociological view.* (New York: Macmillan. 1922. Pp. xv, 323. \$2.25.)
"A religion adapted to the requirements of continuous progress toward an ideal society, consisting of all humanity" (p. 64), in harmony with science, with sociology, and with reason is outlined here. The author examines the requirements of a social religion in each department of life—the family, economics, politics, social pleasure—and finds them to be in every case identical with the ethical principles taught by Jesus. The "positive Christianity" which he describes would completely transform our present "semi-pagan civilization." In the chapter entitled "Religion and the economic life," he concludes that the aim of economic life should be the service of humanity, with service rendered to society *as a whole* as the basis for remuneration. Definite measures tending in this direction are private coöperative enterprises, public ownership of suitable industries, democracy in industry, equalization of opportunity, and minimum standards of welfare to be guaranteed by the community.
- EDGERTON, A. H. *Industrial arts and pre-vocational education in junior high schools.* (Milwaukee, Wis.: Bruce Pub. Co. 1922. Pp. 104. 80c.)
- FLEXNER, B. and OPPENHEIMER, R. *The legal aspect of the juvenile court.* Children's Bureau pub. no. 99. (Washington: Supt. Docs. 1922. Pp. 42. 5c.)
- FOSDICK, R. B. *Our machine civilization.* An address delivered at the commencement exercises of Wellesley College, 1922. (Wellesley, Mass.: Wellesley College. 1922. Pp. 19.)
- HOLT, A. E. *Social work in the churches: a study in the practice of fellowship.* Prepared for the educational committee of the commission on the church and social service of the Federal Council of the Churches of Christ in America. (Boston: Pilgrim Press. 1922. Pp. 131. 60c.)
- HOLT, W. S. *The Federal Board for Vocational Education: its history, activities and organization.* Institute for Government Research, monograph no. 6. (New York: Appleton. 1922. Pp. xi, 74.)
- HOPWOOD, J. O. *Analysis and classification of performance in vocational relations.* (Boston: R. G. Badger. 1922. Pp. 128.)
- HORN, D. *How it could be done.* (Indianapolis, Ind.: Author, Box 933. 1922. Pp. 450.)
Labor and social questions in general.
- HUNTER, E. B. *Office administration for organizations supervising the health of mothers, infants, and children of pre-school age.* Children's Bureau pub. no. 101. (Washington: Supt. Docs. 1922. Pp. 216. 20c.)
- JOHNSON, F. E. *The social gospel and personal religion: are they in conflict?* (New York: Y. M. C. A. Press. 1922. Pp. 49. 25c.)

KNOWLES, M. *Industrial housing*. (New York: McGraw-Hill. 1920. Pp. xxv, 408. \$5.)

Housing for factory workers is the primary subject of this book. It begins with an historical survey and then deals with the advantages of modern industrial housing, the selection of site, the development of town plan, streets and pavements, sewerage and drainage, the collection and disposal of town wastes, accessory buildings, the administration and supervision of construction, and the management of industrial towns. The author was chief engineer in the Division of Passenger Transportation and Housing of the Emergency Fleet Corporation of the United States Shipping Board, and draws largely from the experience of that organization during the war. It is essentially the book of an engineer, four of the thirteen chapters dealing exclusively with questions ordinarily handled only in engineering textbooks, which gives this work a distinctive value as an accession to housing literature. The title however is misleading, because the author gives practically no attention to existing housing conditions of industrial workers or to improvement of industrial housing through legislation or by philanthropic or coöperative agencies.

JAMES FORD.

LORIA, A. *I fondamenti scientifici della riforma economica. Studio sulle leggi della produzione*. (Torino: Fratelli Bocca Editori. 1922. Pp. 572. 60 l.)

MCCLENAHAN, B. A. *Organizing the community: a review of practical principles*. (New York: Century. 1922. Pp. xviii, 260. \$1.75.)

MANGOLD, G. B. *Children born out of wedlock: a social study of illegitimacy, with particular reference to the United States*. University of Missouri studies, vol. III, no. 3. (Columbia, Mo.: Univ. of Missouri. 1921. Pp. x, 209.)

This is an important monograph which will undoubtedly prove of great value to the social worker, and parts of which should interest the general student of population problems or of the evolution of the position of woman in our social and legal systems. Especially is this true of chapters 1 and 2.

Chapter 1, after presenting the importance of birth registration, gives an historical review of such statistics (extremely meagre and in good part conjectural) of illegitimacy as are available for this country. So far as registration figures or census estimates indicate, the illegitimacy rate (1918) varies from .72 per cent of the total births in Massachusetts to 5.07 per cent in Virginia; and from .15 per cent "white, mother Italian" to 1.40 per cent "white, of native parents," and 11.10 per cent for the negroes. Children's Bureau estimates differ somewhat from those of the census; for instance, the Children's Bureau figure for Massachusetts is 2.3 per cent instead of .72 per cent. For various cities, estimates run from 1.0 per cent for New York to 8.2 per cent for Kansas City, and 16.9 per cent and 18.8 per cent respectively for the negroes in St. Louis and Washington. The chapter ends with some consideration of common law marriage, previous sex irregularity, and migration of mothers.

The discussion, in chapter 2, of the causes and conditions underlying illegitimacy is excellent. It is well documented and gives consideration to European as well as American conditions. Among these are low

mentality, lack of home training, overcrowding, unwholesome recreation, drunkenness, sexual suggestibility, lack of religious training, war, age, country and city life, and proportion of unmarried men and women. Chapter 5, on the outcome for the child, is also of general interest. Here there is significant matter on the relation of illegitimacy to the number of still births and to infant mortality.

The other chapters, on commercial agencies for the care of mothers, philanthropic and public agencies, the age of consent, legislative reform, and prevention are of more direct interest to the specialist social worker.

The introduction is excellent in attitude and insight, though the author is perhaps a bit too optimistic with regard to the rapidity with which change of sentiment about the double standard of morality is going on.

Aside from the Children's Bureau's *Report of Illegitimacy as a Child Welfare Problem*, the only other outstanding books in English are those of Leffingwell, now somewhat out of date, and Kammerer. This study will take rank as one of the serious studies of the problem in this country. The University of Missouri is to be congratulated upon the mechanical make-up of the book.

A. B. WOLFE.

MUNRO, W. B. and OZANNE, C. E. *Social civics*. (New York: Macmillan. 1922. Pp. xiii, 697. \$1.72.)

MURPHY, J. J., WOOD, E. E. and ACKERMAN, F. L. *The housing famine. A triangular debate*. (New York: Dutton. 1920. Pp. xvi, 246.)

This is a triangular debate between Mr. Murphy, former tenement house commissioner, Mrs. Wood, who studied housing intensively at Columbia, and Mr. Ackerman, an architect. The problem thus debated was: What are we going to do about the housing famine? Topic I: Conditions—causes—remedies. Topic II: Shall public credit be employed? Topic III: Shall we have municipal housing? Topic IV: Shall we exempt mortgages and improvements from taxation? Topic V: How shall we deal with congestion? Topic VI: How can land, labor and materials be made available? Topic VII: What are the first steps? Topic VIII: Summary and conclusion.

The positions taken were widely dissimilar and would ordinarily be classified as conservative, liberal, and radical, respectively. The speakers are alert, but have supplied very little material with which to substantiate their positions and the problem which they faced is not effectively solved by any of them. The volume has utility for classroom discussions and would probably be useful to many members of the general public who have not hitherto adequately appreciated the complexity of the housing problem.

JAMES FORD.

PENTY, A. J. *Post-industrialism*. (New York: Macmillan. 1922. Pp. 157. \$2.)

PHILLIPS, M. *The young industrial worker: a study of his educational needs*. (New York: Oxford Univ. Press. 1922. Pp. 142. \$1.50.)

REISNER, E. H. *Nationalism and education since 1789. A social and political history of modern education*. (New York: Macmillan. 1922. Pp. xiii, 575. \$2.60.)

RICH, MRS. K. F. *A community trust survey of prenatal care in Chicago*. (Chicago: Chicago Community Trust. 1922. Pp. 102.)

RIVET, H. *Etude de la loi portant fixation définitive de la législation sur les loyers.* (Paris: Giard. 1922. Pp. 192.)

Since the armistice Paris has suffered even more than New York from a scarcity of houses. Attempts of the government to ameliorate this condition culminated in the law of March 31, 1922. M. Rivet's book gives the text of this law, with a commentary and criticism from the point of view of a trained jurist. There is an introductory chapter setting forth the causes of the scarcity of houses and criticizing the infraction of civil rights by the present legislation in favor of the tenants, the excuse for such infraction being the extraordinary conditions resulting from the war.

R. R. W.

SELLIER, H. *La crise du logement.* (Paris: Office Public d'Habitations à Bon Marché de la Seine. 1922.)

SNEDDEN, D. S. *Educational sociology.* (New York: Century. 1922. Pp. xii, 689. \$4.)

SOUTHARD, E. E. and JARRETT, M. C. *The kingdom of evils: psychiatric social work present in 100 case histories together with a classification of social divisions of evil.* (New York: Macmillan. 1922. \$5.)

RYAN, J. A. and MILLAR, M. F. X. *The state and the Church.* (New York: Macmillan. 1922. Pp. vi, 331.)

A collection of papers setting forth the teaching of the Catholic Church concerning the state. The student of economics will be more particularly interested in chapter 9 (pp.208-220) on "Erroneous theories concerning the functions of the state," by Dr. Ryan.

VEILLER, L. *A model housing law.* (New York: Russell Sage Foundation. 1920. Pp. xiv, 430.)

The author states that "this new edition represents not only the experience of all the states and cities in the country which have enacted housing laws since 1914, but also the experience as well of the author in his capacity as secretary of the National Housing Association in aiding in the drafting of such laws, in adapting them to local conditions and in meeting the difficulties which have arisen." The list of state housing laws of the country which have been based upon his model housing law includes those of Michigan, Minnesota, and Iowa. The book was first published in 1914 and was reviewed in the AMERICAN ECONOMIC REVIEW for December, 1915 (p. 896). Its predecessor was *Model Tenement House Law*, issued by Veiller in 1910.

Pages vii to x indicate by section number and page number the paragraphs in which changes have been made in this edition. All modifications have been carefully made. Unquestionably, Veiller's *Model Housing Law* should be used by all American cities contemplating improvement of their building or housing laws. Though the book is unpleasantly didactic in tone, it is by all odds the most useful guide in its field.

JAMES FORD.

Behind the scenes in a hotel. (New York: Consumer's League of N. Y. 1922. Pp. 47.)

The Consumers' League of Cincinnati: a year's record. (Cincinnati, O.: Consumers' League, 25 East Ninth St. 1922. Pp. 8.)

The physician in industry: a symposium. Special report no. 22. (New York: National Industrial Conference Board. 1922. Pp. 98. \$1.)

Sedgwick County, Kansas: a church and community survey. (New York: Doran. 1922. Pp. x, 70.)

Social hygiene legislation manual 1921. (New York: Am. Social Hygiene Assoc. 1921. Pp. 80. 25c.)

Insurance and Pensions

Versicherungswesen. Vol. I—*Allgemeine Versicherungslehre.* Vol. II—*Besondere Versicherungslehre.* By ALFRED MANES. Third edition. (Leipzig: B. G. Teubner. 1922. Pp. xiv, 231; xiv, 357. \$3.70.)

This treatise on the business of insurance was originally published as a volume of a series of handbooks on commerce and industry, in 1905. Its purpose as stated in the introduction to the first edition was to provide a textbook explaining the business from a scientific and matter-of-fact point of view. Purely theoretical controversies were eliminated. Workmen's insurance was not included, as belonging more to the field of political science. For similar reasons, no extended attention was given to insurance mathematics or insurance law. Although addressed particularly to those who are unfamiliar with the insurance business, it was intended to be useful to individuals who already had some knowledge along insurance lines.

The purpose of the text has been in no wise altered in the later editions. The second edition was brought out in 1913 in order to include new developments in insurance regulation, contracts, and general practice. The third results in large measure from the changes which have come with the World War and its attendant complications. The author also has been able to take advantage of the large increase in literature on the subject which has appeared during the last decade.

Volume I is devoted to the treatment of insurance in general, its history, significance, organization and technique. Considerable space is devoted to governmental policy with regard to insurance, especially to state supervision of finances and the contract. Of particular interest to economists is the section on the economic significance of insurance, and that dealing with the advancement of insurance as a science and as a subject of education. Volume II has to do with individual branches of the insurance business, sections being devoted to the following types of insurance: sickness and invalidity, accident, liability, transportation (including both marine and inland), hail, and live stock. The more important of the miscellaneous but relatively undeveloped lines are treated in another section, these corresponding roughly to the side lines written by fire and marine companies in the United States and to the minor casualty lines. As might be expected in a German treatise, considerable space is given to the subject of re-insurance.

Dr. Manes' work differs from general treatises which have been issued in the United States principally in its emphasis on the general questions which affect all types of insurance. Textbook writers as well as teachers in this country have tended to emphasize individual lines of insurance, probably because of a tendency to interest themselves in a particular branch of insurance, gradually acquiring knowledge of other branches as that becomes possible.

It would be highly desirable if there could be presented for the use of students of insurance a text reflecting United States conditions which would treat as thoroughly the general aspects of insurance as does the present publication. Naturally, since this text is intended primarily for German students, it is largely an exposition of German methods. Reference is made in some degree to other countries, particularly to England and America; the bibliography contained in the first volume does not, however, imply a very broad knowledge of the literature in languages other than German.

Altogether, while there is nothing particularly new or significant in this publication, it is an excellent example of the systematic treatment of a business subject and is well worth the attention of economists, particularly those who have not yet discovered that insurance is worthy of separate consideration in treatises on economic activities.

RALPH H. BLANCHARD.

Columbia University.

NEW BOOKS

EPSTEIN, A. *Facing old age: a study of old age dependency in the United States and old age pensions.* (New York: Knopf. 1922. Pp. xvi, 352. \$3.50.)

FORBES-LINDSAY, C. H. A. *Business insurance instructor.* Two vols. (San Gabriel, Calif.: Forbes-Lindsay Sales Service. 1922.)

GREER, W. J. *Common mistakes and errors in insurance policies and their effect upon adjustments.* (Syracuse, N. Y.: N. Y. State Assoc. of Local Insurance Agents. 1922. Pp. 7.)

HAGEN, O. *Das Versicherungsrecht.* Two vols. (Leipzig: Verlag von O. R. Reisland. 1922. 325 M.)

JOHNSON, J. E. *Selected articles on social insurance.* (New York: Wilson. 1922. Pp. xix, 379. \$2.50.)

This supplements earlier volumes in The Handbook Series on Compulsory Insurance and Mothers' Pensions. Arguments pro and con are presented, followed by a classified bibliography of 25 pages, and reprints of selected articles treating of different phases of social insurance.

KELLER, M. *Die Behandlung des Kriegsrisikos in der Lebensversicherung unter dem Einfluss des Weltkrieges.* (Berlin: E. S. Mittler & Sohn. 1922. Pp. 88. 45 M.)

An account of the methods of life insurance adopted in various countries during the Great War, with suggestions for the future derived from

the experience of those years; an excellent summary of what was done, and of what might and what might not be done by the insurance companies. The author does not discuss the duties of the state in regard to the insurance of its soldiers. R. R. W.

MANTZ, I. P. and MANTZ, P. N. *Total permanent disability benefits, net rates and reserves; also, commutation columns and various derived tables.* (Des Moines, Ia.: P. N. Mantz. 1922. Pp. 105.)

SIHERMAN, P. T. *A criticism of bureaucratic propaganda for state insurance.* (New York: Workmen's Compensation Publicity Bureau, 80 Maiden Lane. 1922. Pp. 32.)

STODDARD, F. R., JR. *The state supervision and regulation of insurance rates.* (Albany, N. Y.: Author, Supt. of Insurance of the State of N. Y. 1922. Pp. 29.)

STRONG, E. K. *The psychology of selling life insurance.* (New York: Harper. 1922. Pp. 489. \$4.)

Proceedings of the fifty-sixth annual meeting of the National Board of Fire Underwriters, 1922. (New York: 76 William St. 1922. Pp. 155.)

Unemployment insurance in theory and practice. Research report no. 51. (New York: National Industrial Conference Board. 1922. Pp. 127. \$1.50.)

Workmen's compensation supplement to department reports of Pennsylvania. (Harrisburg: Workmen's Compensation Board. 1922. Pp. 459.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

KERBY, W. J. *Poverty, charity and justice.* (New York: Macmillan. 1921. Pp. 196. \$2.25.)

MORGAN, G. *Public relief of sickness.* (New York: Macmillan. 1922. \$1.50.)

Statistics relating to district courts, poor farms, probate courts, miscellaneous charity and mothers' pensions in Kansas. (Topeka, Kans.: Board of Administration. 1922. Pp. 20.)

Socialism and Co-operative Enterprises

Government and Industry. By C. DELISLE BURNS. (New York: Oxford University Press. 1921. Pp. 315.)

It is a commonplace among students of history and politics that English history is a record of compromise, of half-way measures, of steps taken only under the pressure of emergency. The process, as it has gone on, has always been carefully scrutinized and appraised by Englishmen standing apart from it. Some of these observers have had direct authority, Disraeli for example; others have none except that derived from their writings, Dicey for example. Their work has always helped to bring some measure of order to the process of development, and to lead it to satisfactory ends.

Mr. C. Delisle Burns is a political philosopher and in the tradition of these Englishmen. *Government and Industry* is an attempt to find order in disorder. He investigates a process of complex change so that he may discover whether it has any simple and orderly ideas behind it, and does his best to interpret clearly those which he unravels. Recent industrial history is the field of his speculation. He studies those recent developments in industrial life and structure which have produced a more genuine intimacy between government and industry, and an increased participation of government in industry. He discusses as he proceeds the nature and aims of this government participation. The range of his facts is broad. In successive chapters he studies the developments in industrial relations and organization, in communal enterprise, in foreign and international trade.

The objects of this book are kept well in the front throughout and the conclusions presented are easily comprehended. Industry is the organization of a people for the production of goods and services. Government is an organization of the same people for the maintenance of justice, by law and order. If industry is left entirely to individual self-interest, experience proves that chaos results in some directions. The non-governmental industrial community itself, of recent years, has tended to develop various forms of organizations which prevent chaos, and which seek the common good. During the same period the contacts of government with industry have greatly multiplied and its participation in industry has increased. This is not to be regarded as interference. That term is a leftover from the early laissez-faire philosophy which never comprehended the true or desirable relation between government and industry. That is proved by the character of present participation, which seeks more and more not merely to control from outside, but to promote industrial organization which will seriously function to serve the common good. Government has been introducing into industrial activity some of its principles, particularly that there is a community with common goods, and that the service of this community is the primary aim of work.

The evidence of these general tendencies is well established by the facts which are surveyed. Their reality is not thrown into doubt by certain discordant events which enter the picture. The work of the author is honestly done and is a clear view of current experience which will probably be found correct.

The style is always easy and interesting though not varied. In parts the book is unnecessarily laden with comment upon the obvious. It treats British experience in the main, with an occasional excursion into French and American. Unfortunately it is careless in its references to American events. For example, it states apropos of the Webb act (on page 235) "that the Federal Trade Commission itself appears

to be a government agency for promoting exports." And page 255 reads "it is well known that Canada entered in 1911 into a reciprocity arrangement with the United States." The references to American experience are but fragmentary. This task of analyzing the recent changes in the relationship between government and industry in this country still awaits another hand.

HERBERT FEIS.

University of Kansas.

Socialisation in Theory and Practice. By HEINRICH STRÖBEL. Translated by H. J. STENNING. (London: P. S. King & Son, Ltd. 1922. Pp. vi, 341. 10s. 6d.)

The comments of Herr Ströbel on this subject are of particular interest as he was Finance Minister in the Prussian Revolutionary Government of 1918, representing the Independent Social Democratic party, although he was later alienated from them because of their sympathy with bolshevism, while disapproving the timid conservatism of the German majority socialists.

The failure of bolshevism in Russia he attributes chiefly to the industrial immaturity of the country. Most of the 3,000,000, odd, industrial workers in European Russia were semi-peasants. Only in Petrograd was there a class-conscious proletariat largely composed of Estonians, Finns, Letts, and wandering Russians, so that city naturally became the revolutionary storm center in 1917.

The bolshevists had not contemplated socialism at a gallop, but revolutionary fanaticism liberated forces which they could not control. They had counted on the "creative energy" of the masses; whereas the masses, in their blind fury, could only destroy. The bolshevists should now, the author thinks, retreat from untenable positions, but hold, if possible, to the socialization of the basic industries.

The author attributes the collapse of bolshevism in Hungary in part to the war, but chiefly to the chaotic conditions into which the experiment had plunged the country. The members of the Commission of Production, which took over the socialized industries, may have been "good organizers and agitators against capitalism," but they were not commercial or technical experts. The production of labor declined seriously, and with it fell the standard of living of the masses, especially in the city, the peasants being able to take care of themselves relatively well. The ruin of the wealthy brought no relief to the poor, as was foretold long ago by Quesnay and Marx. The author quotes freely from Eugen Varga's *Die wirtschaftlichen Probleme der proletarischen Diktatur*.

The revolution in Germany caught most socialists unprepared, as they had become imbued with evolutionism, had given little thought to

the problems of the transition period, and were overwhelmed by the governmental responsibility suddenly thrust upon them. They had studiously refrained from utopian plans and specifications, trusting to the happy inspiration of the hour and the instinct of the masses, both of which failed at the critical moment. There was no definite plan, no agreement, and no proper social ideology among the masses; so the government could not contend with the capitalists, who knew what they wanted—the rehabilitation of the old social order.

Strange that none of the basic industries were socialized. Various schemes were proposed by economists and others, only to come under fire of the capitalists on the one hand, and the radical socialists on the other. Such was the fate of the plan for the socialization of the mines, proposed on February 15, 1919, by an overwhelming majority of the Socialization Commission, including such men as Ballod, Cunow, Hilferding, Lederer, Schumpeter, Umbreit and Wilbrandt.

The law which was passed later in the year put the fuel industry under control of the Imperial Coal Council of sixty members, representing the employers, the mine workers, the coal-using industries, and the nation. But under this, as its executive organ, was the Imperial Coal Union, which fell under the domination of the syndicates, although three out of its five directors were labor representatives. The labor men invariably agreed to proposals to raise prices, as they were always accompanied by a sop to labor in the form of increased wages; and this conspiracy between employers and laborers controlled the policy of the Union, the Council and the Imperial Minister of Economy.

For all that, the author has not lost faith in the ultimate triumph of socialism, as the only remedy to arrest the downfall of Europe. He would apply the theories of guild socialism to those industries which have passed through the early stage of development to a condition of routine and standardization—such as coal mines, the manufacture of steel, cement, locomotives, telephones, electric cables, motors,—in which, if technical progress has not altogether ceased, the pace has considerably slackened. In such industries the founders and developers need not be considered; the capitalist owners are to be excluded as parasites; and the managers may be employed by the community.

One wonders at the complacency with which the author regards the standardization or fossilization of industry within a given nation, in view of the possible competition of new industries, and the more formidable competition of foreign countries whose industries are not thus stereotyped. But of course the author is a thoroughgoing internationalist.

J. E. LEROSIGNOL.

NEW BOOKS

ALAZARD, J. *Communisme et fascio en Italie*. (Paris: Bossard. 1922.)

CARPENTER, N. *Guild socialism. An historical and critical analysis*. (New York: Appleton. 1922. Pp. xv, 350. \$2.50.)

DELEMER, A. *Le bilan de l'étatisme*. (Paris: Payot. Pp. 285. 10 fr.)

A protest against the socialization of industries, based on a detailed history of economic organization of France during the war; an analysis of the accounts of the great business undertakings of the state; and a demonstration of the ruinous result of its conduct of them. There is a good bibliography, and a preface by M. Jacques Bardoux, who supports the author's argument.
R. R. W.

HAMMOND, L. B. *William Lovett, 1800-1877*. (London: Fabian Society. 1922. 3d.)

LIEFMANN, R. *Die kommunistischen Gemeinden in Nordamerika*. (Jena: Fischer. 1922. Pp. 95. 10 M.)

A short account, well put together, of the colonies in the United States which have tried to embody the communistic idea. There is a good history of the Huter Baptists who began in Moravia in the sixteenth century and still numbered 1300 souls in 1914 in South Dakota, and of the Amana colony in Iowa. The author's conclusion, after reviewing the life of these and of other communistic groups, is that communism is possible only among small groups of people having the same education and habits, and that it is hardly possible except when there is at the base of it a religious idea. Any wider application of the communistic idea must fail because it implies more compulsion to work at whatever the state sets a man to do than the average man will stand except in time of war, and because human progress would cease when the greater part of the community worked only in the half-hearted way which is customary in government bureaus. The author omits all consideration of the possible change in the attitude of the average man toward work when work is done under other conditions than those of today.

R. R. W.

PILENCO, A. *La législation soviétique et la conférence de La Haye*. (Paris: Giard. 1922. Pp. 56.)

An attempt on the part of a jurist to show that under the soviet government the citizen, and the alien resident in Russia, has practically no civil rights. The author reviews the state of the law at the date of Tchitcherine's communication to the allied governments, March 1, 1922. Like most of the writings on Russian affairs which have come from France during the last few years this book gives a rather prejudiced view of the situation.
R. R. W.

POISSON, E. *Socialisme et coopération*. (Paris: Rieder & Cie. 1922.)

Consumers' cooperative societies in New York state. (New York: Consumers' League, 289 Fourth Ave. 1922. Pp. 24.)

The development of the civil service. Lectures delivered before the Society of Civil Servants, 1920-1921. (London: King & Son. 1922. Pp. 244. 7s. 6d.)

Contains lectures on the Administration of State Telephones, by Sir

Andrew Ogilvie (pp. 92-128), and the Limits of State Participation in Industry, by Sir Herbert Morgan (pp. 83-91).

The fight for socialism. A review of present forces and a forecast of victory, by an unrepentant socialist after the war of 1914-1918 and the post-war struggles of 1919-1920. (New York: Longmans, Green. 1922. Pp. 39. 75c.)

Sämtliche Veröffentlichungen der zweiten Sozialisierungs-Kommission. Third edition. (Berlin: Engelmann. 1922. Pp. 59. 5.30 M.)

Statistics and Its Methods

Wealth and Income of the American People. By WALTER RENTON INGALLS. (York, Pa.: G. H. Merlin Co. 1922. Pp. xiv, 321.)

Mr. Ingalls' *Wealth and Income of the American People* is a combination of a comprehensive, yet detailed and highly suggestive, analysis of the wealth of the United States, with a series of somewhat sketchy chapters discussing the distribution of the national income; the former is distinctly worth while, but the latter, on the whole, disappointing. Such a chapter, for instance, as "The results of socialism and communism," dealing at considerable length with the Russian situation, seems strangely out of place. A repudiation of the quantity theory of money (an underlying thought of the author) is practically forgotten elsewhere than in the preface, and throughout the volume the rather positive economic deductions drawn from statistical data presented are likely to challenge the opinions of the reader.

The use of 1913 prices as a common denominator permits the summation of dissimilar physical objects appearing in the enumeration of wealth. This base is departed from only in the few instances where the unit value of a particular item has a pronounced secular trend, rendering improbable the restoration of its pre-war relationship to the price level as a whole. The essence of the inventories consists, therefore, in "the counting of things rather than the ephemeral valuations that are put upon them." On this basis, which eliminates the effects of inflation, the estimated increase in the internal wealth of the United States from 1916 to 1920 amounted to 1.6 per cent—a rate of gain actually less rapid than the growth of population itself and confined in large part to consumers' goods of luxury or semi-luxury character. An improvement of about \$18,000,000,000 in the international situation is discounted heavily, on account of the character of the obligations represented. These additions to wealth are considered not only substantially less than could have been expected had there been no war, but of such an unbalanced character as to necessitate future readjustments.

An approximation of national income, expenses, and savings is obtained on an annual basis for the period 1913-1920 through a com-

bination of the estimates of income of the National Bureau of Economic Research with those of Professor Friday for capital accumulations. During this interval the national income increased from \$34,000,000,000 to \$65,000,000,000, and savings from \$6,500,000,000 to \$11,500,000,000. Governmental and luxury expenditures aggregated about \$11,500,000,000 in 1919, contrasted with a figure slightly less than half that size six years earlier. The completion of the process of deflation should leave us with a gross income of not more than \$37,500,000,000, out of which "it is perfectly clear . . . we cannot spend \$11,500,000,000 for government and luxuries and at the same time save anything for capital accumulation."

War demands, together with an increase in the consumption of luxuries, caused an impairment in what may loosely be termed the plant and equipment of the United States which can only be remedied through increased savings—a diversion of expenditures from luxuries to capital goods. Little can be expected from labor, but Walker's residual theory is invoked to show that its share (greatly swollen as a result of the war) in the distribution of the national income will be reduced. The working man will, however, be better off with this temporarily lowered standard of living than under the socialistic or communistic system where he receives a larger proportion of a much smaller product. "A transparency in industry leading to equilibrium in industry" is bound to result from increasing intelligent use of industrial statistics, particularly in the field of forecasting the trend of business, and this will so increase production as to permit constantly improving standards of living.

It is unnecessary to dwell upon the very real difficulties encountered of necessity in the attempt to weld the scattered mass of existing statistical data, voluminous yet overlapping and incomplete, into an estimate of the wealth of the United States. Mr. Ingalls has had the courage to face these difficulties and, at times, in the absence of any other alternative, to make what are frankly labelled guesses; no more is claimed for the results than that they are intelligent approximations. The fact that convenience alone, at times, seems to determine the basis of valuation employed lessens the validity of comparisons between different items in the series; steam railways, for instance, are valued on the basis of cost of reproduction (1914 prices), less depreciation, while the market value of securities seems to determine the estimate in the case of electric railways—the difference in results yielded by the two methods is obvious. Furthermore, the totals used in the case of steam railways rest upon the belief of a railway executive (whose very position renders impartiality difficult) that the Interstate Commerce Commission's valuation of the roads will be substantially above the figures carried by the companies upon their books, and that there

should be added to an estimate so increased, an additional 20 per cent to attain the "conservative" ground held by the railways. An estimated average life of five years (page 135) serves as the basis for the valuation of automobiles, but later (page 210) in establishing a case for the overexpansion of the automobile industry with the consequent "great surplus of manufacturing capacity which will cease to have value for the purpose for which it was provided," the annual demand assumed seems much smaller than any compatible with the length of life assumed, even making liberal allowance for the author's belief that a diminished national income will force retrenchment in this direction.

Although "the counting of things rather than the ephemeral valuations that are put upon them" should disregard changes due only to inflation or deflation, horses are listed (page 95) at about \$100 per head in 1916 and but \$80 in 1920; stated otherwise, the same physical inventory would have been valued at about \$400,000,000 less in the later than in the earlier year. The valuation of shipping at \$80 per ton in 1916, with the explanation that "from 1914 to 1916 ships had greatly increased in value" (page 143) seems incompatible with a valuation (after completely writing off 6,000,000 tons as useless) of \$50 per ton in 1920; different yardsticks are used to measure the same physical entity. And again (page 90) new construction during 1917-1920 is reckoned in terms of 1916 prices, but reductions for fire losses during the following years of higher prices are stated without reference to the 1916 yardstick.

Real and money income are confused in the discussion of the national income. If gross income is reduced from \$65,000,000,000 to \$37,500,000,000 as the author contends (page 219), it will be primarily as a result of a lower price level and the loss will be in money income. The chapter dealing with "the production of commodities" itself contains statistical data demonstrating that production, whether measured in actual physical units or reduced to dollar totals through the common denominator of a fixed price base, fluctuates within limits far more circumscribed than those suggested. But the very reduction anticipated in the price level should automatically lower the money cost of this same "governmental and luxury expenditure" to figures far below the \$11,500,000,000 cited, and it is the resultant total that, compared with the estimated income of \$37,500,000,000, will indicate the proportion of our income absorbed by such expenditures.

A. J. HETTINGER, JR.

Harvard University.

NEW BOOKS

BOWLEY, A. L. *Official statistics, what they contain, and how to use them.* (London: Oxford Univ. Press. 1921. Pp. 63.)

Professor Bowley has in this book, belonging to the series of *The*

World of Today, rendered to English and American readers a real service in his description of "the more important reports and papers officially published [by the English government] in recent years containing statistics of general interest." The plan of presentation is to "illustrate the use of reports by bringing together in some cases all that is known in relation to a particular subject and by retabulating details scattered through a report so as to show how the various tables are connected." Accordingly, it serves as a comparison of statistical facts, but more particularly as a guide to their use and meaning.

The subject-matter is grouped under four general chapters: Population; Industry, Trade and Prices; Income and Wages; and Social Conditions. The space allotted to the topics is not uniform, more attention being given to the first two than to the others. To American readers, this volume is of interest primarily from two points of view: first, it is critical in its approach; and second, it contains specific references to sources where statistics of general interest can be secured. Indeed, the more valuable part of the volume seems to be contained in the critical appraisal. So far as the reviewer knows, there is nothing of like nature that has been prepared relative to similar statistics compiled by our central or state governments. This is the more to be regretted because of the influence which statistical information is coming to have upon public and private endeavor on questions involving social and business problems. The "Introduction" might well be considered as a brief but poignant guide both to makers and users of statistical data.

HORACE SECRIST.

CLARK, W. W. *Whittier scale for grading juvenile offenses*. Bull. no. 11. (Whittier, Calif.: California Bureau of Juvenile Research, Whittier State School. 1922. 10c.)

HOLLAND, R. W. *Business statistics: their preparation, compilation and presentation*. (London: Pitman. 1922. Pp. 87. 3s. 6d.)

KNAUTH, O. W. *Distribution of income by states in 1919*. (New York: Harcourt, Brace & Co. 1922. Pp. v, 30.)

Statistical by-product of the volumes on *Income in the United States* which have been published by the National Bureau of Economic Research. It is issued at this time in order to meet the special needs of "investigators concerned with the comparative capacity of the various states to bear increased taxes, to buy goods of various sorts, to absorb securities, etc."

SECRIST, H. *A business barometer for retailers*. Bureau of Business Research, series II, no. 2. (Chicago: Northwestern Univ. School of Commerce. 1922. Pp. 20. 50c.)

British overseas dominions and protectorates, from 1905 to 1919. Fifty-fifth number. (London: H.M.'s Stationery Office. 1922. 12s. 6d.)

Mortality statistics. Twenty-first annual report, 1920, Bureau of the Census, Department of Commerce. (Washington: Supt. Docs. 1922. \$1.50.)

Statistics of unemployment in various countries, 1910-1922. Studies and reports, 1922, no. 1. (Geneva: International Labor Office. 1922. 20c.)

Tables for applied mathematics to finance, insurance, statistics. Edited by J. W. GLOVER. (Ann Arbor, Mich.: George Wahr. 1922. Pp. 620. \$3.90.)

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

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- AYRES, C. E. *Dewey's Human Nature and Conduct*. Journ. Phil., Aug. 17, 1922. Pp. 6. A review of a book which gives an excellent psychological approach to humanistic science.
- BARNES, H. E. *American psychological sociology*. Sociol. Rev., July, 1922. Pp. 11. A study of the contributions of Ward, Patten, and Sumner to social theory.
- . *Some typical contributions of English sociology to political theory*. Am. Journ. Sociol., Sept., 1922. Pp. 26. A study of the social psychology of Graham Wallas and its implications for work in the humanistic sciences.
- BERNARD, L. L. *The conditions of social progress*. Am. Journ. Sociol., July, 1922. Pp. 28. "Not magic, nor traditional culture, nor the faithful trusting heart, but the knowledge and technique of science, can set men free from the forces, mainly those of ignorance and fear, which have enslaved him."
- . *Herbert Spencer: the man and his age*. So. Atlantic Quart., July, 1922. Pp. 11. "In large measure he led in the application to sociology and ethics of the method of collecting great masses of data for generalization. . . . The fact that the inductive method. . . was applied so much earlier to sociology than to economics. . . . is largely. . . due to Herbert Spencer."
- BEZANSON, A. *Skill*. Quart. Journ. Econ., Aug., 1922. Pp. 20. "What I have intended to stress is the need of evaluating our present problem in terms other than those of the journeyman apprentice days which have passed. . . . To appraise skill in terms of the small shop and the hand tools of a pre-factory age is to evaluate its. . . least significant aspects."
- BIGELOW, S. L., SHARFMAN, I. L., and WENLEY, R. M. *Henry Carter Adams*. Journ. Pol. Econ., April, 1922. An appreciation of Mr. Adams as a teacher and of his contributions to economics and to public service. There is added a bibliography of his published writings.
- BODE, B. H. *What is psychology?* Psych. Rev., July, 1922. Pp. 9. In view of the crisis in psychology, "it has a rare opportunity to exercise a far-reaching influence by showing, through detailed investigations, the meaning of purposive behavior to an age that is far too exclusively dominated by the concepts of mechanistic science."
- BOUCKE, O. F. *The relation of ethics to social science*. Intern. Journ. Ethics, Oct., 1922. Pp. 19. "Though ethics turns on wants and satisfactions, these need not be hedonic. . . . the content of the good changes with time and place, with conditions and creeds mutually interacting. Social science may help us to realize moral norms as submitted but. . . . can scarcely ever be completely successful."
- BOWLEY, A. L. *The definition of national income*. Econ. Journ., March, 1922. Pp. 11. "Social income. . . . = consumption and saving in a year = aggregate of individuals' income. . . . less income received. . . . for no service or for services not rendered in the year in question."
- BURROWS, F. W. *Where are the economists?* Independent, Aug. 5, 1922. Pp. 2. "Could we possibly do worse than, making a poverty of our riches, to be always drafting" the economists "as special workers, when our supreme need is for a classification of our economic problems by clear and scientific thought and the application to them of fundamental principles."

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- CORBIN, J. *The industrial republic*. No. Am. Rev., Aug., 1922. Pp. 16. A speculation upon the possibilities and problems of authoritative organization by industries and a plea for a limitation of the franchise to the capable.
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- CUTHBERT, FATHER. *The ethical basis of wages*. Catholic World, July, 1922. Pp. 14. "The only proper function of a state or society is to protect the individual..... as soon as it oversteps the limits of protection, it becomes a tyranny.....If..... the workers.....lean toward systems which deny the rights of property, it is because his own right of property in his labor is still denied him."
- DEWEY, J. *The American intellectual frontier*. New Repub., May 10, 1922. Pp. 3. "In our intellectual heritage.....we are evangelical." "The depressing effect upon the free life of inquiry and criticism" is great. "No account.....of the failure to develop an intelligent.....idealism..... is adequate unless it meets with this fixed limit of thought."
- DOUGLAS, P. H. *The economic waste of luxury*. World Tomorrow, June, 1922. Pp. 2. "Luxury.....is a waste; it is a burning up of human labor upon the less essential needs of life.....The expenditures of the wealthy" provoke "the competition of ostentation."
- DREVER, J. *Les contributions des différents pays à la science psychologique*. Scientia, Supp., Aug., 1922. Pp. 10. A historical account of the development of psychology with some attention to recent developments.
- ELLIS, H. *The measurement of civilization*. Forum, April, 1922. Pp. 11. "There is much in civilization which we may.....measure, yet when we seek to scale the last heights.....the ladder of our 'metrology' comes to grief. The methods of the mind are too weak and the universe is too complex."
- FEIS, H. *What determines the volume of a country's international trade*. Am. Econ. Rev., June, 1922. Pp. 9.
- FLÜGGE, E. *Die Bedeutung William Thompsons für die Wirtschaftswissenschaft*. Schmollers Jahrb., 2 Heft, 1922. A study of the presuppositions and the significance of Thompson's work and a brief comparison of his thesis with those of J. S. Mill.
- FOSTER, W. T. *Prices, profiteers and production*. Annalist, June 26, 1922. Pp. 2. "If the buyer is to control production, he cannot escape the responsibility for controlling prices."
- VAN GENECHTEN, B. *Von Böhm over de rechtvaardigheid der rente*. De Economist (Dutch), July-Aug., 1922. Pp. 4. A discussion of von Böhm-Bawerk's justification of interest.

- GEORGE, W. H. *Proudhon and economic federalism*. Journ. Pol. Econ., Aug., 1922. Pp. 12. "For these reasons.....—an objective method of approach, the expressing of economic forces, anarchy as a form of government, voluntary association with a public law status, class consciousness, identification of government with the capitalist class, a revolutionary policy aiming to subvert the existing social order.....one can affirm with confidence that Proudhon was the father of economic federalism."
- GOLDSTEIN, S. E. *Judaism and the industrial crisis*. The Annals, Sept., 1922. Pp. 4. Industry must be organized "adequately to meet the material wants of those who labor, for the first charge upon industry is.....the welfare of the workers" and "to serve society, for the primary purpose of industry is.....to meet the needs of men."
- GRAS, N. S. B. *The development of metropolitan economy in Europe and America*. Am. Hist. Rev., July, 1922. Pp. 14. "It has been generally held that the state is not simply a political but an economic unit as well.....The theory of metropolitan economy cuts up the state economically and emphasizes intra-metropolitan trade instead of national policies and international commerce."
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- HOWARD, G. E. *Sociology: its critics and its fruits*. Journ. Applied Sociol., April, 1922. Pp. 12. Sociology has laid a theoretical foundation for practical progress in accommodating education, the church, and law to prevailing social needs.
- HOYT, H. *The economic future of the United States*. Administration, Aug., 1922. Pp. 7. Economic development in the United States depends upon (1) a scientific discovery and utilization of human and material resources; and (2) a proper balance between agriculture and manufacture.
- JOHNSON, F. E. *The teaching of the Protestant Church*. The Annals, Sept., 1922. Pp. 5. "There is a.....tendency.....to restate the teachings of Jesus in social terms.....with particular reference to economics and social problems.....The churches are moving in the direction of.....a full recognition of the rights and needs of the individual.....a more democratic distribution of the product of industry and of responsibility, and.....the service motive as against competition for personal gain."
- KNAUTH, O. W. *The place of the corporate surplus in the national income*. Journ. Am. Stat. Assoc., June, 1922. Pp. 10. "The savings constitute about one fourth of the total savings and about four per cent of the national income. They.....largely increase the power of managements of corporations in guiding the growth of industries in this country."
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- KNIGHT, F. H. *Ethics and the economic interpretation*. Quart. Journ. Econ., May, 1922. Pp. 28. "There is room in the field of conduct for three different kinds of treatment: first, a scientific view, as economics and technology; second, a genetic view, as culture history; and third, a criticism of values."
- LEARY, D. B. *The modern world order and the original nature of man*. Intern. Journ. Ethics, April, 1922. Pp. 24. A review of recent books wherein the con-

clusions of recent work in biology and psychology is applied to "the problem of the individual and the group."

- LEAVITT, F. M. *Skilled hands or automatic machinery*. Scientific American, Sept., 1922. Pp. 3. The automatic tool does not tend to make the industrial system one of monotonous jobs or to give to the average laborer less interesting work to do than he had before its invention.
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- LEPAULLE, P. *The function of comparative law*. Harvard Law Rev., May, 1922. Pp. 21. A critique of "sociological" jurisprudence. Comparative law helps to see things "from a certain distance." It is, therefore, invaluable to those who would make law serve its social function.
- LINDRAY, S. M. *Social concepts in economic theory*. The Annals, Sept., 1922. Pp. 6. New social concepts—such as coöperation, a national minimum, industrial peace, and the like—"have already transformed the dismal science into a human science of immeasurably greater service to humanity."
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- LOEEMANN, Sax, *Bordewijk en von Böhm-Bawerks "Dritter Grund."* De Economist (Dutch), May, 1922. Pp. 7. A presentation of some phases of von Böhm-Bawerk's theory of present worth which have been criticized by Sax and Bordewijk.
- MCDUGALL, W. *"The Revolt Against Civilization."* Quart. Journ. Econ., Aug., 1922. Pp. 16. A review of Stoddard's book with the above caption and of Desmond's *Labor, the Giant with the Feet of Clay*.
- MACKENZIE, J. S. *The threefold state*. Hibbert Journ., Apr., 1922. Pp. 15. A review of Steiner's *Die Dreigliederung des Sozialen Organismus* and a plea for the release "the spiritual and industrial sides of human life" from "the domination of the political state."
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- MOORE, H. L. *Elasticity of demand and flexibility of prices*. Journ. Am. Stat. Assoc., March, 1922. Pp. 12. A discussion of "an effective quantitative treatment" of demand.
- NEISSER, H. *Gustav Cassels "Theoretische Sozialökonomie"*. Schmollers Jahrb., 2 Heft, 46 Jahrg. A review of Cassel's recent treatise.
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- . *The teaching of the Catholic Church*. The Annals, Sept., 1922. Pp. 5. "The Catholic Church conceives her mission as that of saving souls. Men save their souls by conducting themselves righteously in all the relations of life. Among the most important of these are. . . . the industrial."
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- SKERRETT, R. G. *Our wasteful industries*. Scientific American, May, 1922. Pp. 2. A study of wastes contingent upon the present organization of the metal trade, boots and shoes, textiles, building, and men's clothing industries.
- SMALL, A. W. *The category "human progress"—a methodological note*. Am. Journ. Sociol., Sept., 1922. Pp. 23. "This note proposes a formula of the human process developed out of generalizations of attitudes towards wants and of resulting adjustments of values."
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- STOLZMANN, R. *Liefmanns rein-psychisches System der Volkswirtschaft*. Jahrb. f. Nationalök. u. Statistik, 1 Heft, 1922. Pp. 36.
- TAWNEY, G. A. and TALBERT, E. L. *Democracy and morals*. Journ. Phil., March 10, 1922. Pp. 6. A defense of Dewey's theory of democracy against attacks by Cohen, Sheldon and others.
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philosophy and sociology. We must distinguish between short-run claims and the long-run satisfaction of the fundamental aptitudes and instincts of man. We must run the risk of experimentation and failure in determining the nature of these instincts and the methods best calculated for satisfying them."

TUGWELL, R. G. *Human nature in economic theory*. Journ. Pol. Econ., June, 1922. Pp. 29. "We cannot know what it is that we want for humanity or for industry without knowing what the nature of humanity is that is to be affected."

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WATKINS, G. P. *Knight's "Risk, Uncertainty, and Profit."* Quart. Journ. Econ., Aug., 1922. Pp. 9. A review.

WREXFORD, R. J. *A practical road to Utopia*. Nineteenth Cent., July, 1922. Pp. 12. "All that is required is a little more generosity of thought and a little more tolerance and good fellowship among classes."

WRIGHT, P. G. *Moore's work in cycles: a review*. Quart. Journ. Econ., Aug., 1922. Pp. 14. A review of *Economic Cycles: Their Law and Causes*, and of articles upon the cycle appearing in the *Political Science Quarterly*, *The Journal of the Royal Statistical Society*, and *The Quarterly Journal of Economics*.

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Democracy and leadership. New Statesman, June 24, 1922. Pp. 2. The democratic control of industry is premised upon a solution of the problem of the selection of leaders.

The economic level. New Statesman, May 27, 1922. Pp. 2. An attempt at a concept of a normal condition for an industry.

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Memorial to former president Henry C. Adams. Am. Econ. Rev., Sept., 1922. Pp. 16.

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Economic History (United States)

(Abstracts by Amelia C. Ford)

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BENEDICT, W. H. *Travel across New Jersey in the eighteenth century and later*. Proc. of the N. J. Hist. Soc., April, 1922.

BRITTON, W. *Pioneer life in southwestern Missouri*. Missouri Hist. Rev., July, 1922. Pp. 23. Tells of farming, soap-making, and freighting on the plains in the 50's with great wagon trains. Continued from the April number.

CARLSON, R. W. *Some experimental and historic locomotives of the Chicago and Northwestern Railroad*. Railway and Locomotive Hist. Soc., Second Bull., 1921.

- CUSHING, G. H. *America's coal industry*. Rev. Rev., Sept., 1922. Pp. 12. Treats of methods of mining, living conditions of the mines, production and distribution, and the present emergency in coal.
- DAVENPORT, E. *The agricultural development of Illinois since the Civil War*. Transactions of the Ill. State Hist. Soc., 1919. Pp. 6. Analyzes the chief features of the third stage of agricultural progress, the land-acquiring period, of the last half century in Illinois; finds that the farmers themselves are the leaders in all progress made, and that there is now fixed in their minds the idea of a permanent and a finished agriculture.
- ERIKSSON, E. McK. *Sioux City and the Black Hills gold rush*. Iowa Journ. Hist. and Pol., July, 1922. Pp. 29. Tells of the steps taken by the business men of Sioux City to secure the trade of the gold seekers, as an outfitting point and base of supplies; of the transportation companies that operated until forced out by the railroads.
- FISHER, C. E. *The rival builders*. Railway and Locomotive Hist. Soc., Second Bull., 1921. Concerns the Taunton Locomotive Works and William Mason.
- GOOD-KNIGHT, A. *Wheat-raising in pioneer Missouri*. Missouri Hist. Rev., July, 1922. Pp. 4. Sketches the whole process from sowing to grinding at the mill.
- GRAS, N. S. B. *The developments of metropolitan economy in Europe and America*. Am. Hist. Rev., July, 1922. Pp. 14. Metropolitan rivalry in America has followed four main lines, three of which run east and west, and one north and south; some centers, notably Baltimore and Cincinnati, seem to be declining relatively; Pittsburgh and Detroit "are not metropolitan at all but industrial satellites."
- HARPER, R. M. *Development of agriculture in upper Georgia from 1850 to 1880*. Georgia Hist. Quart., March, 1922.
- HARRISON, M. E. *Alien land legislation on the Pacific coast*. Am. Bar Assoc. Journ., Aug., 1922. Pp. 3. Discusses the provisions of the alien land acts of California and other western states, and methods of evasion; considers "the efficacy of this legislation has been very materially impaired by two recent decisions," one in the California Supreme Court and one in the federal court.
- HOYT, H. *The economic future of the United States*. Administration, Aug., 1922. Pp. 7. Believes the United States has not reached the apex of its productive powers but that the curve of physical production will continue upward during the rest of the century, provided the American people extract the maximum efficiency out of their geological, psychological, mechanical, and financial resources, and maintain a proper balance between all factors of their economic life.
- JILLSON, W. R. *Oil and gas in the Big Sandy Valley*. Register of the Kentucky State Hist. Soc., May, 1922.
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- MEYERS, J. A. *Finan McDonald, explorer, fur trader and legislator*. Washington Hist. Quart., July, 1922. Pp. 13. A collection of items mentioning the various trips and Indian encounters of this veteran fur trader, an employee first of the Northwest Fur Company, later of the Hudson Bay Company.
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- PARISH, J. C. *The first Mississippi bridge*. Palimpsest, May, 1922. An account of the first bridge built across the river at Rock Island.
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- RIEGEL, R. E. *Federal operation of southern railroads during the war*. Miss. Valley Hist. Rev., Sept., 1922. Pp. 13. Shows how the railroads were made an integral part of the federal military campaigns, particularly in the case of the line from Nashville to Atlanta.
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- Missouri in 1822*. Missouri Hist. Rev., April, 1922. Pp. 6. Reprinted from the *Arkansas Gazette*. Mentions the products, the markets, and the fur trade of the state.
- Some letters of Gen. Edward Carrington to Alexander Hamilton in 1791 relative to home manufactures in Virginia*. William and Mary College Quart. Hist. Mag., April, 1922.
- A typical "American letter."* Miss. Valley Hist. Rev., June, 1922. Pp. 7. Edited by Theodore C. Blegen and published under Notes and Documents. Contains information as to prices of land and farm products, wages, and conditions in general in Rochester, New York, about 1835.

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- ANDERSON, B. M. *America and Europe—our interest and our policy*. Chase Econ. Bull., Aug., 1922. Pp. 19.
- BAKKER, G. E. *Internationale combinatie in de ijzer-industrie*. De Economist (Dutch), Sept., 1922. Pp. 35. International combinations in the iron industry.
- BENNHOLD. *Die deutsche Kohlenlage*. Schmollers Jahrb., 2 Heft, 1922. Pp. 18.
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- Sept., 1922. Pp. 8. Considers the payment of gold marks as indemnity to the Allies as disastrous to the economic life of Germany.
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- KUSKE, B. *Die weltwirtschaftlichen Anfänge Sibiriens und seiner Nachbargebiete vom 16. bis 18. Jahrhundert.* Schmollers Jahrb., Heft 1, 2, 1922. Pp. 50, 31.
- LATOUR, C. C. *The economic position of Finland.* Annalist, July 24, 1922.
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- MACCLINTOCK, S. *French finances and economic resources.* Journ. Pol. Econ., April, 1922. Pp. 11.
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- . *Les cours des principales valeurs, 1913, 1914, 1920 et 1921.* L'Econ. Franç., Jan. 7, 1922. Pp. 2.
- . *L'industrie lyonnaise pendant l'année 1920; les premiers effets de la crise commerciale.* L'Econ. Franç., Dec. 31, 1921. Pp. 2.
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- . *Die Sozialpolitik im neuen Oesterreich.* Archiv f. Sozialwis. u. Sozialpolitik, 3 Heft, 48 Band. Pp. 66.

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Agricultural Economics

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(Abstracts by E. S. Gregg)

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- . *Survey of world shipping, first half 1922.* Commerce Reports, Aug. 25, 1922.
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- Age and size of steam and motor vessels.* Shipbuilding & Shipping Record, Sept. 28, 1922.
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Commerce

(Abstracts by Harry R. Tosdal)

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PAYEN, E. *Le coton: sa production et sa consommation.* L'Econ. Franç., Aug., 1922. Pp. 2. Gives prognostication of cotton events based upon figures of production and consumption.

———. *Le cuivre: sa production et son marché.* L'Econ. Franç., July, 1922. P. 1. Prices of copper from 1880, with special reference to 1921 market situation. Predicts rapidly increasing market, limited only by possible large price increases.

ROBINSON, H. J. *An analysis of three years of post-war trade.* Bankers' Mag. (London), Aug., 1922. Pp. 32. Statistical analysis by countries and products of British exports and imports for 1913 and 1919-21, with percentages.

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(Abstracts by Charles S. Morgan)

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- BAUER, J. *The Bacharach bill.* Nat. Munic. Rev., July, 1922. P. 1. Bill now under consideration which would check utilities from making appeals to federal courts without first seeking redress in state courts.
- BLOOD, W. H., JR. *Going concern value in rate cases.* Stone & Webster Journ., Aug., 1922. Pp. 17. Clear statement of meaning of going value and of necessity of recognizing all legitimate "development costs," with citation of cases.
- DANA, E. *The Boston Elevated Railway—four years under public control.* Elec. Ry. Journ., Aug. 12, 1922. Pp. 2. Boston Elevated Railway, controlled since 1918 by a board of public trustees, has, by careful and efficient management, greatly improved its financial and operating condition.
- DOW, A. *Rate forms should be minimized.* Elec. World, Oct. 14, 1922. Pp. 2. Need for greater simplicity of electric rate structures and for greater freedom for use of business judgment in establishing rates.
- GREENE, W. J. *Rural electric service costs analyzed.* Elec. World, Sept. 23, 1922. Pp. 3. Factors involved, with concrete illustration.
- GUERNSEY, N. T. *Primary power to make rates remains in utilities' hands.* Public Service Manag., Sept., 1922. Pp. 3. The commission laws "leave in the utilities' hands the primary power to make their rates, subject to the rule governing them at common law and reenacted in these statutes, that their rates shall be just and reasonable and not discriminatory."
- HEILMAN, R. E. *Making electric railway rates.* Aera, Aug., 1922. Pp. 9. A clear statement of principles.
- JACKSON, C. D. *The interest of the street car rider.* Elec. Ry. Journ., Oct. 7, 1922. Pp. 3. To maintain electric railways at highest possible standard of usefulness any unnecessary burdens, such as paving requirements and uncontrolled competition, should be removed.
- JACKSON, W. *And must the tramway die?* Aera, Aug., 1922. Pp. 3. Recent developments in Liverpool and Edinburgh indicate that the motor bus is regarded as a means of developing a service which, upon reaching the requisite density, will be handled by tramways. The British managers "regard themselves as transportation men first, last and always—not as proponents for any particular form of propulsion."
- JACKSON, W. *Riding on a pass.* Elec. Ry. Journ., Sept. 30, 1922. Pp. 6. Comparison of various European types of "contract tickets" as to their objects and effects, with the types of weekly or monthly pass in use in some twenty American communities. "All agree that it (the weekly pass) has speeded operation and improved good will; and some have been kind enough to say that it has either protected or enhanced their revenue."
- MARRIAGE, A. *Paris tramways during the war.* Elec. Ry. Journ., Aug. 5, 1922. Pp. 3. Why all electric railways and bus lines in Paris were taken over by the Department of the Seine and description of lease under which they are now privately operated by a single company. Particular reference to methods of eliciting maximum interest on part of management and workers.
- MERRILL, O. C. *Why go back in the power laws?* Nation's Bus., Sept., 1922. Pp. 2. Explanation and defense of federal Water Power act of 1920 by executive secretary of Federal Power Commission.

- METCALF, L. *The improved financial condition of water works in the United States.* Journ. Am. Water Works Assoc., Sept., 1922. Pp. 10. Water works of country are past the period of acute distress due to the war, but have not been able to recoup the cumulative losses of the war period or to meet the requirements which post-war conditions have placed on them.
- MYERS, G. L. *State-regulation justification.* Gas Age-Record, Aug. 19, 1922. Pp. 3. Historical development of commission regulation.
- OVERTON, P. *The regulation of municipally owned public utilities.* Cornell Law Quart., Apr., 1922. Pp. 3.
- READY, I. S. *How electric rates are fixed under commission regulation.* Journ. of Elec., July 15, 1922. Pp. 3. A clear explanation of how commission regulation works.
- RIGGS, H. E. *Public utility problems.* Am. Gas Assoc. Mo., Apr., 1922. Pp. 6. Brief statement of some unsolved utility problems.
- SCHRAM, R. *Detroit takes over its street railways.* Nat. Munic. Rev., July, 1922. Pp. 5. Steps in the thirty-year struggle between company and city, resulting in the city's acquisition, by construction and purchase, of 363 miles of electric railway.
- STEINMETZ, C. P. *The soviet plan to electrify Russia.* Elec. World, Sept. 30, 1922. Pp. 5. Description of proposed superpower system.
- THIRLWALL, J. C. *Rail cars cheapest and best.* Aera, Oct., 1922. Pp. 6. Concludes that "for all routes extending into the business center of large or medium size cities, the rail car offers the most efficient and most economical form of transportation; for suburban feeder and crosstown service, the trolley bus will be the most suitable vehicle; and that only special conditions that prevent the erection of an overhead line would justify the use of gasoline buses inside the city limits."
- TIMM, W. H. *Present-day responsibilities of public utility accountants.* Elec. Ry. Journ., Oct. 7, 1922. Pp. 4. Secretary of New Hampshire commission discusses the development of public utility accounting, its contributions to proper regulation and some of its unsolved problems.
- WHEELER, E. P. *The Bacharach bill criticized.* Nat. Munic. Rev., Sept., 1922. P. 1. Reply to article by Bauer, cited above.
- WOOTAN, J. B. *Power to regulate involves obligation to protect.* Public Service Manag., Aug., 1922. Pp. 2. Reasoning here applied to railroads equally applicable to other public service corporations.
- . *Why public utility stock is not watered.* Pub. Service, Manag., Oct., 1922. P. 1. Regulation and good business judgment prevent.
- Commission rebukes political interference.* Pub. Service Manag., May, 1922. P. 1. California Railroad Commission, in reply to governor, states that it "believes the only way it can secure or retain public approval is by being fair and just. If it must choose between the right and being temporarily unpopular, it must choose being right."
- New fare plan in Louisville.* Aera, Oct., 1922. Pp. 3. A modified service-at-cost franchise has been adopted, with a sliding scale relationship between dividends payable on common stock and rate of fare charged.
- Problems of interurban roads.* Aera, Aug., 1922. Pp. 6. Symposium of views of managers of important interurban roads as to means whereby loss of traffic, particularly short-haul, can be overcome—a problem of furnishing attractive service and of securing proper regulation of the commercial automobile.
- Railway finances improving.* Elec. Ry. Journ., Aug. 5, 1922. Pp. 2. Evidences of

and reasons for the present gradual recovery of electric railways from the difficulties of the years 1915-1920.

Rate decision affecting transmission. Elec. World, July 29, 1922. Pp. 2. Wisconsin Supreme Court decides against state commission's practice of considering an interconnected generating and transmission system as a unit, saying such treatment results in disproportionate burden being put on cities nearest the source of supply.

Recent parliamentary investigation of the telephone situation in Great Britain. Bell Telephone Quart., July, 1922. Pp. 16. Abstracts from and comment on recent report of select committee, in which, among other things, greater adaptation of rates to local, particularly rural, areas, and separation from the post office, are recommended.

Report of executive secretary. Aera, Oct., 1922. Pp. 27. Description of activities of American Electric Railway Association, with list of special compilations made on a great variety of aspects of electric railway operation and finance.

The "sliding scale" in practice. Gas Age-Record, July 8, 1922. Pp. 4. Various meanings of the term: sliding scale of dividends, as in Boston, variation of rates with cost of coal or oil, and sliding scale upwards, used to bring about a more equitable distribution of the limited supply of natural gas.

The telephone's development. Bell Telephone Quart., Apr., 1922. Pp. 15. History of developments of telephone and telephone business from small beginnings fifty years ago.

The world's largest municipal distributor of electricity. Am. City, Oct., 1922. P. 1. City of Los Angeles has recently acquired a large private plant and now serves two thirds of its citizens.

Accounting

(Abstracts by Martin J. Shugrue)

ASHBORN, C. S. *Treatment of foreign exchange in bank-office accounting.* Journ. Account., Oct., 1922. Pp. 18. A concrete explanation.

BEAUJON, A. L. *Accounting for a printing and bookbinding business.* Journ. Account., Aug., 1922. Pp. 9.

BENNETT, C. W. *The cost audit.* Journ. Account., July, 1922. Pp. 9. As a means of eliminating errors and assuming maximum results from cost installation, the cost audit has been developed.

BIDDLE, R. *Handling factory costs.* Factory, Aug., 1922. Pp. 2. How one company handles its cost records without very much red tape.

BINST, G. B. *Purposes and limitations of a balance-sheet audit.* Journ. Account., Sept., 1922. Pp. 8.

BREYER, E. W. *Budget system for department stores.* Pace Student, July, 1922. Pp. 2. Outlines budget for retail operating expenses and sales.

DENHAM, R. S. *Engineering methods applied to cost finding.* Indus. Manag., Sept., 1922. Pp. 5. The factory survey and expense distribution. The concluding paper of a series.

ELIEL, P. *Uniform accounting for municipal and private utilities.* Journ. Electricity and Western Industry, June 1, 1922. Pp. 2.

FINNEY, H. A. *Reserves.* Journ. Account., Oct., 1922. Pp. 13. Great confusion exists in the use of this term at present. Suggestions offered to solve the difficulty.

FITCH, S. G. *Present-day problems in industrial accounting.* Journ. Account., July, 1922. Pp. 9.

- GOODLOE, J. S. M. *Constructive accounting*. Administration, Aug., 1922. Pp. 7. Non-technical explanation of the fundamentals on which are based the construction of accounts for every kind of business.
- HODGES, B. W. *Trial-balance information*. Journ. Account., July, 1922. Pp. 2. When monthly profit and loss statements are impractical the trial balance can be arranged so as to yield much information for the executive.
- KNAUTH, O. W. *The place of corporate surplus in the national income*. Journ. Am. Stat. Assoc., June, 1922. Pp. 9. The policy of corporations in retaining part of their earnings leads to important national savings. These savings constitute about one fourth of total savings, and about 4 per cent of the national income.
- LAZARUS, A. *Cost accounting and cost accountants*. Administration, Aug., 1922. Pp. 8. An inspiring survey of the field of cost accounting and its accomplishments.
- LICHTNER, W. O. *Effect of rate setting on labor costs*. Indus. Manag., Sept., 1922. Pp. 4.
- MEINHARDT. *Accounting for a Portland cement mill*. Journ. Account., Sept., 1922. Pp. 8.
- MOULTON, H. G. *The Danner-Kraft Dry Goods Company*. Journ. Pol. Econ., Aug., 1922. Pp. 14. Credit problem for class use. Contains complete information about a wholesale dry goods concern which has applied for a loan. Ends with a series of 14 questions to be answered by student.
- SCOVELL, C. II. *Treating interest as a cost*. Factory, Aug., 1922. Pp. 2. The July number of *Factory* contained Henry Ford's new idea that interest should not properly be included in costs. In the present article a leading exponent of the other side of the question presents his views.
- WIEGAND, W. B. *Fire insurance company accounting, II-IV*. Administration, July, Aug., Sept., 1922. Pp. 7, 12, 10. II, Ledger assets and permissible investments. III, Determination of a company's obligation to (1) policyholders and (2) other individuals and firms. IV, The annual financial statement required to be filed with the state supervisory officials by fire insurance companies consists of a statement of income and disbursements followed by a balance sheet.
- Office records and accounting*. Journ. Am. Water Works Assoc., July, 1922. Pp. 5. Office records and methods for water companies.
- Simplified accounting for the small plant*. Indus. Manag., Aug., 1922. Pp. 6. Book-keeping procedure recommended by the National Association of Credit Men.

Business Management

- DOUGLAS, P. H. *Personnel problems and the business cycle*. Administration, July, 1922.
- FELDMAN, H. *Outstanding features of Dennison management*. Indus. Manag., Aug., Sept., 1922. Pp. 2, 6.
- FRANKLIN, B. A. *Training and inspiring organization personnel*. Indus. Manag., Aug., 1922. Pp. 5.
- HODGE, A. C. *Bases of control for retail inventory*. Journ. Pol. Econ., Aug., 1922. Pp. 7.
- KITSON, H. D. *The growth of the "service idea" in selling*. Journ. Pol. Econ., June, 1922.
- LINK, H. C. *The training of foremen*. Administration, July, 1922.
- LUNT, E. C. *Surety bonds in business*. Administration, Sept., 1922. Pp. 9.

- McKINSEY, J. O. *Organization and methods of the Walworth Manufacturing Company.* Journ. Pol. Econ., June, 1922.
- SUMMERFIELD, S. E. *Direct selling as a sales policy.* Administration, Aug., 1922. Pp. 4.
- TRUESDALE, M. O. *Personal relations in scientific management.* Administration, July, 1922.
- WILSON, J. H. *The function of sales management.* Administration, Aug., 1922. Pp. 5.
- Proceedings of the seventh annual convention of the National Association of Purchasing Agents, Rochester, May 15-20, 1922.* Purchasing Agent, June, 1922. Pp. 80.
- Various textile labeling bills introduced into state legislatures.* Bull. Nat. Assoc. of Wool Manufacturers, July, 1922.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

- AIYANGAR, S. S. *Minimum wage in South India.* Wealth of India, June, 1922. Pp. 7. Suggested minimum subsistence rates, arrived at by budget computations.
- ALLEN, H. J. *The Kansas Court of Industrial Relations.* Administration, Sept., 1922. Pp. 3.
- BAKER, B. *The basis of railroad wage settlements.* Annalist, July 3, 1922. Pp. 2. Argues in favor of taking the rates paid for similar work in outside industries as the basis.
- . *The new railroad shop rates.* Annalist, June 12, 1922. Pp. 2.
- . *Railroad wages and cost-of-living budgets.* Annalist, June 19, 1922. Pp. 2.
- BARKER, J. E. *British trade unions.* Forum, July, 1922. Pp. 10. The policies of trade unions are the principal cause of the decline of British industry.
- BEALS, C. *The Fascist labor movement in Italy.* Nation, Oct. 4, 1922. Pp. 2.
- BERRIDGE, W. A. *Cycles of employment and unemployment in the United States.* Journ. Am. Stat. Assoc., June, 1922. Pp. 5. Presents an index of employment and compares it with indexes of production.
- BEZANSON, A. *Skill.* Quart. Journ. Econ., Aug., 1922. Pp. 20. Discussion of the various elements that constitute skill and a comparison of different kinds of work from the standpoint of the skill required.
- BRANDEIS, E. *Minimum wage—mercantile wages in the District of Columbia.* Mo. Labor Rev., Aug., 1922. Pp. 2. The reconvened conference for this industry voted not to reduce the minimum wage. The considerations leading to this action are outlined by the secretary of the Minimum Wage Board.
- BRISSON, M. *La loi de huit heures dans les chemins de fer et la marine.* Journ. des Econ., April 15, 1922. Pp. 6. The general eight-hour law is based on a fallacy. It is especially impracticable on the railroads and in the merchant marine.
- BROPHY, J. *The miners' program.* New Repub., Aug. 9, 1922. Pp. 2. Author is one of the leading exponents of the program of nationalization.
- CALDER, J. *Experience with employees' representation during business depression.* Indus. Manag., Aug., 1922. Pp. 5. The writer is manager of industrial relations, Swift & Company.

- CLARK, L. D. *Rights and status of employees injured in commerce*. Mo. Labor Rev., Aug., 1922. Pp. 11.
- CRICK, W. F. *Legal aspects of the trade union movement in the U. S. A.* Economica, June, 1922. Pp. 8.
- DERRY, K. and DOUGLAS, P. H. *The minimum wage in Canada*. Journ. Pol. Econ., April, 1922. Pp. 34. A record and appraisal of the several acts and of the rulings, based upon them.
- DOUGLAS, P. H. *Personnel problems and the business cycle*. Administration, July, 1922. Pp. 14.
- FALCOT, E. *La revision de la loi de huit heures*. Monde Econ., Aug., 1922. Pp. 2. The general eight-hour law must be modified in the interest of increased production.
- FRANKEL, E. *The German works councils*. Administration, July, 1922. Pp. 4. The degree of control given the workers and the relations between the councils and the trade unions.
- FRANKFURTER, F. *Child labor and the court*. New Repub., July 26, 1922. Pp. 3.
- . *The Coronado case*. New Repub., Aug. 16, 1922. Pp. 3.
- FRIDAY, D. *Railway wages and the farmer*. Am. Rev. Rev., Aug., 1922. Pp. 3.
- FULLER, R. G. *Child labor and federal legislation*. Rev. Rev., July, 1922. Pp. 3.
- GADSBY, M. *Development of collective bargaining in the men's clothing industry in the United States*. Mo. Labor Rev., June, 1922. Pp. 16.
- GLORIEUX, A. *Les grèves récentes de Roubaix-Tourcoing*. Réf. Soc., May, 1922. Pp. 35. The causes of the three-months textile strike, with emphasis on the part played by the Christian union. A paper, followed by discussion in which the secretary general of the Confédération Française des Travailleurs Chrétiens participated.
- GLYNN, F. L. *The American boy's chance—New York's apprenticeship system for the building trades*. The Constructor, June, 1922. Pp. 2.
- GOOD, E. T. *Trade unionism*. Finan. Rev. Rev., June, 1922. Pp. 8. The trade union ballot and the political levy must be reformed if the manipulation of British trade union policy by a revolutionary minority is to be ended.
- GREENWOOD, A. *The labour crisis—a labour view*. Contemp. Rev., July, 1922. Pp. 8.
- HANSEN, A. II. *The economics of unionism*. Journ. Pol. Econ., Aug., 1922. Pp. 13. Restriction of individual output increases marginal significance of labor just as does restriction of numbers.
- HAPGOOD, W. P. *The high adventure of a cannery*. Survey, Sept. 1, 1922. Pp. 5. Successful experience with workers' sharing in management, described by the president of the Columbia Conserve Company.
- HOFFMAN, F. L. *Dust phthisis in the printing industry*. Mo. Labor Rev., Sept., 1922. Pp. 13. Extracts from and comment on correspondence in *London Times* on this subject.
- KIRCHWEY, F. *"Mountaineers shall always be free."* Nation, July 12, 1922. Pp. 3. Conditions in New River coal field, West Virginia.
- LEYMANN, DR. *The eight-hour day and the problem of overtime in Germany*. Intern. Lab. Rev., Sept., 1922. Pp. 7. The eight-hour maximum is being generally observed.
- LIESSE, A. *La journée de huit heures: les résultats d'une enquête; réforme nécessaire*. L'Econ. Franç., July, 1922. Pp. 3. The evil effects of the adoption of the eight-hour day.

- LINDSAY, S. McC. *The twelve-hour day and the engineers*. Survey, Sept. 15, 1922. Pp. 4. The findings of the Engineering Societies Committee.
- LITTLE, H. *The evil of unemployment: a skilled labourer's point of view*. Nineteenth Cent., Oct., 1922. Pp. 8.
- LLOYD, M. G. *Preparation of safety codes under the auspices of the American Engineering Standards Committee*. Mo. Labor Rev., Sept., 1922. Pp. 8. Writer is chief of safety section, U. S. Bureau of Standards.
- MACARA, C. W. *The industrial situation*. Nineteenth Cent., July, 1922. Pp. 12. A scheme for reform. "The workers would insist in finding the capital to run the industries in which they are employed, and their leaders would as a consequence have a right to share in the control of the industries."
- MACASSEY, L. *International labor legislation*. Journ. Comp. Legis. and Intern. Law, Feb., 1922. Pp. 10.
- MANSBRIDGE, A. *The Workers' Educational Association of Great Britain*. Intern. Labour Rev., Sept., 1922. Pp. 10.
- MAURER, J. H. *Labor's demand for its own schools*. Nation, Sept. 20, 1922. Pp. 3.
- MEADE, J. P. *Problems and importance of factory inspection*. Mo. Labor Rev., July, 1922. Pp. 11. Writer is director, Division of Safety, Department of Labor and Industry of Massachusetts.
- MITCHELL, W. C. *The wages of American industrial workers considered in relation to the national production*. Econ. World, June 17, 1922. Pp. 4. Reprinted from *N. Y. Evening Post*, June 7, 1922.
- PARKINSON, T. I. *Child labor and the Constitution*. Am. Labor Legis. Rev., June, 1922. Pp. 4.
- PICARD, R. *La lutte contre le chômage*. Des Documents du Travail, July, 1922. Pp. 13. Review of methods of dealing with unemployment in the first months of 1922.
- POUND, A. *Mills and minds—some observations on the influence of specialization and repetitive processes on the minds of workers*. Bull. Taylor Soc., June, 1922. Pp. 16. A paper, followed by discussion.
- RAGER, F. *Aus der Praxis der österreichischen Arbeiterkammern*. Archiv f. Sozial wis. u. Sozialpolitik, Aug., 1922. Pp. 20. Describes the organization and activities to date of the seven workers' assemblies and points out the difference between their functions and those of the works councils.
- RATO, A. *El problema del salario mínimo*. Rev. Nacional de Econ., July, 1922. Pp. 28. A summary of minimum wage legislation in the other European countries.
- RIPLEY, W. Z. *Loading the olive branch*. Survey, Sept. 1, 1922. Pp. 9. Problems in industrial arbitration and suggestions as to how they should be met. Based largely on the experience of the writer as an arbitrator.
- RYAN, J. A. and JOHNSON, F. E., editors. *Industrial relations and the churches*. The Annals, Sept., 1922. Pp. 143. A symposium of twenty-nine papers.
- RYAN, J. A. *Some problems of minimum wage legislation*. Catholic Charities Rev., Sept., 1922. Pp. 5. The lessons of experience.
- SARGENT, N. *"Insurance" against unemployment*. Penna. Mfrs. Journ., Aug., 1922. Pp. 2. The universal adoption of an open shop policy would bring universal employment.
- . *The open shop—an economic discussion and a statistical analysis*. The Constructor, June, 1922. Pp. 5. The writer is manager, Open Shop Department, National Association of Manufacturers.

- SOULE, G. *Some uses of arbitration*. Survey, Aug. 15, 1922. Pp. 2.
- STEWART, E. *Efficiency of American labor*. Mo. Labor Rev., July, 1922. Pp. 12. Difficulty of arriving at conclusions from the figures available.
- STODDARD, W. L. *Industrial courts, collective agreements, of what?* Administration, Sept., 1922. Pp. 8. Industrial peace cannot be secured, whatever the method, unless the attitude of mind of the parties is right.
- . *The labor market—a glance ahead*. Administration, Aug., 1922. Pp. 3. The workers will successfully resist further wage reductions until the cost of living is appreciably lowered.
- STOLBERG, B. *Labor and the Rail Labor Board*. New Repub., July 5, 1922. Pp. 2. Review, unfavorable to the Board, of events leading up to the shopmen's strike.
- TAWNEY, R. *Minimum wage in Great Britain*. New Repub., June 28, 1922. Pp. 3. Comment on report of a commission of inquiry. The results of experience are favorable to the wages board plan.
- TRUESDALE, M. O. *Personal relations in scientific management*. Administration, July, 1922. Pp. 6. Industrial representation and labor relations in the Joseph and Feiss clothing factory.
- TRUMANN, M. *The Christian social movement and international labour legislation*. Intern. Lab. Rev., July, 1922. Pp. 8.
- TURNER, V. B. *Agricultural wages and wage earners in Norway and Sweden*. Mo. Labor Rev., Sept., 1922. Pp. 15.
- TYNESIDE. *The manufacture of the "work-shy."* National Rev., July, 1922. Pp. 14.
- WARBASSE, J. P. *Coal for consumers*. New Repub., July 26, 1922. Pp. 3. The writer is president of the Coöperative League of America. Argues against nationalization and for ownership of the mines by the consumers.
- WOLL, M. *The war against trade unions*. Forum, Sept., 1922. Pp. 6. A trade union officer charges that shop committees are an employers' subterfuge.
- WOLMAN, I. *Fact finding*. New Repub., Sept. 20, 1922. Pp. 2. Advocates a commission in the coal industry with permanency of tenure and authority to frame a comprehensive program of reorganization.
- Arbetslöshetsfrågan vid 1922 års riksdag*. Soc. Med., no. 7, 1922. Pp. 8. The third and final instalment of an article on the question of unemployment before the 1922 parliament in Sweden.
- Employee representation on the Pennsylvania*. Ry. Age, Oct. 14, 1922. Pp. 7.
- Employment exchanges and their organization*. Intern. Lab. Rev., July, 1922. Pp. 19.

Money, Prices, Credit, and Banking

(Abstracts by N. R. Whitney)

- AGUIRRE, S. M. *Estudio acerca de la circulación monetaria y de sus signos en Marruecos*. Rev. Nacional de Econ., Tomo XI, num. 34, 1922. Pp. 58. An account of the currency history of Morocco divided into three periods—up to 1906 when the State Bank of Morocco was established; from 1906 to 1914; from 1914 to the present.
- BONAFOUS, A. *Les grandes banques d'affaires de Roumanie*. Rev. d'Econ. Pol., May-June, 1922. Pp. 18. An historical and descriptive discussion of Roumanian banks. Of the nine leading banks, four were financed exclusively by foreign capital; four exclusively by Roumanian capital; and one by a combination of domestic and foreign capital. Asserts that the danger of financial panic has passed and that the banks have played a large part in the restoration of stability. It is claimed that the German influence in the banks has been eliminated.

- CAROSELLI, F. S. *Il sistema monetario in rupie nella economica e nella finanza della Somalia italiana.* Giorn. d. Econ., Aug., 1922. Pp. 17.
- COLLA, C. *La questione dei cambi alla conferenza di Genova.* Riv. di Pol. Econ., May, 1922. Pp. 16.
- ESTCOURT, R. *European currencies from different points of view.* Annalist, July 10, 1922. Pp. 2. Criticism of recent theories and practices relating to European currencies.
- EVANS, S. *Observations of a South African authority on some proposed panaceas for the world's economic difficulties.* Econ. World, July 29, 1922. Pp. 2. The economic difficulties of the post-war period must be overcome by the efforts of each country working individually rather than by international agreements and devices.
- FANNO, M. *Inflazione monetaria e corso dei cambi.* Giorn. d. Econ., Aug., 1922. Pp. 23.
- FOSTER, W. T. *The circuit flow of money.* Am. Econ. Rev., Sept., 1922. Pp. 14.
- GARCON, M. *Les dépôts en banque et leur nature juridique.* L'Econ. Franç., June 17, 1922. Pp. 2. An examination of the technicalities of the law prescribing the responsibility of banks toward depositors.
- GOTTLIEB, I. R. *International currencies.* Annalist, July 31, 1922. Pp. 2. A comparative study of metallic reserves and note circulation in seventeen countries before and since the war.
- HARDING, W. P. G. *Federal reserve banks and the development of bankers' acceptances in the United States.* Econ. World, June 10, 1922. Pp. 3.
- HAWTREY, R. G. *The federal reserve system of the United States.* Journ. Royal Stat. Soc., March, 1922. Pp. 32. An examination of the worth of the system during and since the war. Places responsibility for much of the inflation and accompanying ills upon the tardy increase in the discount rate by the Federal Reserve Board. Asserts that after the process of deflation was inaugurated by raising the discount rate, that rate should again have been lowered so as to prevent piling up the huge reserves which are now a temptation to further inflation. It is pertinently asked—if we are again to yield to inflation why did we go through the painful process of deflation?
- HILDEBRAND, K. *The capitalization of rural coöperative societies.* Intern. Rev. Agri. Econ., June, 1922. Pp. 17. By the general inspector of the Central Agricultural Loan Bank (Raiffeisenbank) and lecturer at the Higher School of Commerce of Berlin, containing certain "fundamental conceptions" or definitions dealing primarily with the problems pertaining to "borrowed" and "owned" capital.
- HÖRLIN, H. *Avskrivningar vid föränderligt penningvärde.* Ek. Tids., no. 3-4, 1922. Pp. 22. Discusses readjustments necessitated by a fluctuating monetary standard.
- JACOBY, A. *The letter of credit in Germany.* Administration, July, 1922. Pp. 9. The rights and obligations of the various parties involved in the use of commercial letters of credit.
- LIESSE, A. *La semaine de la monnaie.* L'Econ. Franç., June 24, 1922. Pp. 3. Discussions of the group have served to clarify the understanding as to the functions of money. They have emphasized the dangers of inflation and have advocated a policy of gradual deflation.
- . *Stabilisation et "dévalorisation."* L'Econ. Franç., June 3, 1922. Pp. 8. Opposes the devalorization programs of Keynes and Cassel. Says devalorization is a major operation, whereas the situation calls for only a minor one. Urges progressive deflation.

- LORIOT, J. *Les causes et l'évolution de la crise d'après les banquiers français*. Rev. d'Econ. Pol., May-June, 1922. Pp. 8. The causes specified were a buyers' strike; reparation problems; unsettled political conditions. The situation is improving although there are still many hampering influences.
- MCCONNELL, W. M. *The origin of the law of negotiable instruments*. Chase Mo. Mag., June, 1922. Pp. 5.
- MEYER, E. *Longer credits for the farmer*. Nation's Bus., June, 1922. Pp. 2.
- NADLER, M. *Effect of new regulations in development of bankers' acceptances*. Trust Companies, Aug., 1922. Pp. 4. American acceptances are now placed on the same level with those of European nations.
- OWENS, R. N. *The hundred million dollar foreign-trade financing corporation*. Journ. Pol. Econ., June, 1922. Pp. 17. Account of the organization and purpose of the corporation as well as a detailed history of the efforts to secure the capital for it. Chief obstacle was the uncertainty on the part of the promoters as to just how the corporation would function; probably fortunate that the organization was not completed.
- PATTERSON, S. H. *Cost of deposit accounts*. Journ. Am. Bankers Assoc., Aug., 1922. Pp. 3. Method of determining the profit obtained from a deposit account.
- PENSON, J. H. *The Polish mark in 1921*. Econ. Journ., June, 1922. Pp. 8. A study in "internal and external values" as illustrating results of excessive issue and external, violent, political movements upon a currency of fiat paper. Includes a discussion of causal connections between the internal and the external price level, currency inflation and the exchange rate.
- PETERSON, I. *A national bank owned by a labor union*. Bankers Mag., July, 1922. Pp. 4. Ownership of stock confined to union and its members, dividends limited to 10 per cent, and earnings shared with savings depositors. Control is in the hands of the Brotherhood of Locomotive Engineers since this organization owns a majority of the stock. The growth of the bank has been phenomenal and in May, 1922, it held deposits of about twelve million dollars.
- PUJOL, L. *La Banca Catalana y los valores industriales*. Rev. Nacional de Econ., Tomo XI, num. 34, 1922. Pp. 6. Discusses weaknesses of the bank. Its chief defects are failure to command confidence of the people, limited capital, inability to interest clients in its industrial propositions, internal rivalries and dissensions, too much interested in speculations in Paris, and too little interested in opportunities at home.
- RUSSEL, A. W. *A new conception of an old science*. Annalist, July 3, 10, 1922. Pp. 2, 2. Third and fourth of a series of papers on banking. Discuss respectively the creation of credit money by commercial banks, and bank reserve ratios since the establishment of the federal reserve system.
- SHORTIS, F. R. A. *The London money market*. Econ. World, July 15, 1922. Pp. 2. Reprinted from *Acceptance Bull.* (N. Y.), June, 1922. The nature of the acceptance and discount business in the London market. It is predicted that when restrictions on the export of gold are removed the London money market will assume its former preëminence.
- SRAFFA, P. *The bank crisis in Italy*. Econ. Journ., June, 1922. Pp. 20. An exceedingly interesting account of the antecedents of the present situation in Italy. Two unfortunate developments seem evident: (1) the prevalence of banking control by industries and a resulting prostitution of the bank in the interests of the controlling power; (2) the absence of a sense of responsibility among bank shareholders.
- TITUS, A. H. *The usefulness of commercial acceptance credits in export financing*. Econ. World, Sept., 1922. Pp. 2. Reprinted from *Acceptance Bull.* (N. Y.), Aug., 1922.

- WARBURG, P. M. *Important part played by American acceptance credits in refinancing world.* Commercial & Finan. Chron., May 20, 1922. Pp. 2.
- WILLIAMS, J. H. *New light on our unfunded foreign balance.* Journ. Am. Bankers Assoc., Aug., 1922. Pp. 3. Unfunded debt, representing overdue accounts of foreigners being carried by our bankers and exporters and probably does not exceed one billion dollars. The greater part of this, contrary to the general impression, is due from non-European countries.
- WILLIS, H. P. *Shall the federal reserve system function only in emergencies?* Trust Companies, June, 1922. Pp. 3. Although designed along the lines of the central banking systems of Europe to conduct a regular and carefully controlled banking business, the federal reserve system has proved to be one of emergency discount relief.
- WOODRUFF, G. W. *Bringing country banks into farm loan system.* Bankers' Mo., June, 1922. Pp. 4.
- YORK, T. *Was sterling "pegged" during the war?* Administration, Sept., 1922. Pp. 2. Stabilization of economic and political conditions must precede absolute stabilization of exchange. The attempt to peg sterling was successful only in the early days of the war when the economic and financial machinery was still functioning with considerable effectiveness.
- YOUNGMAN, A. *A popular theory of credit applied to credit policy.* Am. Econ. Rev., Sept., 1922. Pp. 30.
- Agricultural credit facilities in Great Britain and Ireland during the war.* Intern. Rev. Agri. Econ., June, 1922. Pp. 10. In England and Wales the Board of Agriculture depended upon the coöperative societies in extending war-time credit. These were mainly for the purchase of seed and fertilizers. In Scotland the primary concern was for agricultural machinery which was most largely owned or allocated to district or other committees and hired out to the farmers. Post-war recommendations call for facilities of wider scope and different types, which would recognize and work through coöperative trading and producing societies. In Ireland a great decrease, during the war, is shown in loans for all purposes except the purchase of implements and machinery in which there was a striking increase, caused mainly by the facilities granted the poorer farmers for securing implements of smaller type.
- A criticism of "Commerce Monthly" exposition of the rural credit situation.* Econ. World, July 8, 1922. Pp. 3. An exposition of our rural credit situation. The writer recommends the McFadden-Kenyon bill which is an adaptation of the salient features of the foreign systems of rural credit. He opposes the suggested amendments to the Federal Farm Loan act on the score that they would be insufficient and dangerous.
- The development of banking in Glasgow.* Bankers' Mag. (London), Aug., 1922. Pp. 7.
- German estimates of the losses of foreign holders through the depreciation of the mark.* Econ. World, Sept., 1922. P. 1. Reprinted from *Journal of Commerce and Commercial Bulletin*, Sept. 7, 1922. Foreign losses estimated at a minimum of \$9,000,000,000. This represents an addition to the national wealth of Germany.
- Levnadskostnader under andra kvartalet 1922.* Soc. Med., no. 8, 1922. Pp. 26. Tabulates changes in the cost of living in different parts of Sweden, 1914-1922, and gives particular details as to commodity prices in different communities during the second quarter of 1922.
- Progress of banking in Great Britain and Ireland during 1921.* Bankers' Mag. (London), July, 1922. Pp. 11. Analytical study of the balance sheets of banks in the United Kingdom, continued from the June number.
- The progress of banking in Great Britain and Ireland during 1921.* Bankers' Mag. (London), Sept., 1922. Pp. 15.

The return to gold currency. Wealth in India, June, 1922. Pp. 3. Suggests interstate agreements limiting use of gold for currency purposes in order to maintain the parity of the circulation with gold.

The rise and progress of Lloyds Bank. Bankers' Mag. (London), July, 1922. Pp. 30.

Public Finance

(Abstracts by Charles P. Huse)

ALLEN, R. H. *Patent valuations as affected by federal taxation.* Administration, Aug., 1922. Pp. 10. Lack of regulations as to patent valuations is responsible for many tax cases.

BRABANT, E. J. *Valuation of public utilities for taxation.* Bull. Nat. Tax Assoc., June, 1922. Pp. 9. Public utilities, even those municipally owned, should be taxed, and taxed on the basis of a fair market value.

CURATO, G. *Il bilancio dello stato pel 1918-1921.* Rif. Soc., July-Aug., 1922. Pp. 31.

DALLA VOLTA, R. *Il problema doganale ed il congresso di Amsterdam.* Rif. Soc., May-June, 1922. Pp. 18.

DOUCET, R. *Un projet d'impôt unique.* Monde Econ., Aug., 1922. Pp. 3. Opposes the plan for the substitution of a tax on gross receipts in place of the present direct taxes.

FRIDAY, D. *The burden of taxation.* New Repub., Aug. 2, 1922. Pp. 3. The war revealed the great tax-paying ability of the American people.

GODRIDGE, P. E. *What is wrong with inheritance taxes?* Trust Companies, Aug., 1922. Pp. 4. Points out the injustice of the taxes on non-resident decedents.

GOTTLIEB, L. R. *German taxation and reparations.* Annalist, July 10, 1922. Pp. 2. Believes the reparations can be met only by an international loan.

———. *The problem of floating debts.* Annalist, Sept., 1922. Pp. 2. The percentage of floating to funded debts is falling in the United States and England, but rising in France, Italy, and especially Germany.

———. *Recent progress in public finance.* Annalist, Aug. 28, 1922. Pp. 3. Gives figures to show the progress made by important belligerents in balancing their budgets.

GREGG, E. S. *A case against discriminating duties.* Journ. Pol. Econ., June, 1922. Pp. 8. Finds no argument in the history of American shipping for such duties.

HARRISON, P. and SMOOT, R. *Debate over the sugar tariff in United States Senate.* Econ. Bull. of Cuba, Sept., 1922. Pp. 30. Taken from the *Congressional Record*.

HEER, C. *Federal taxation of state and municipal bonds.* Administration, Sept., 1922. Pp. 8. Gives arguments against exemption.

HIGGS, H. *The Geddes reports and the budget.* Econ. Journ., June, 1922. Pp. 10. Tells of the recommendations of the committee on national expenditures and of their partial adoption.

LOEWENFELD, W. *Die Geldentwertung im Steuerwesen.* Zeitschr. f. Volkswirts. u. Sozialpolitik, 1-3 Heft, 1922. Pp. 11. Describes the effect of depreciation on Austria's fiscal system.

MACROSTY, H. W. *Some current financial problems.* Journ. Royal Stat. Soc., March, 1922. Pp. 30. Deals with the problems of funding the floating debt.

MAGUIRE, J. M. *Income taxes on the realization of future interests.* Yale Law Journ., Feb., 1922.

PAYEN, E. *La liquidation de la flotte d'état.* L'Econ. Franç., Sept., 1922. Pp. 3. Points out the difficulty of closing certain accounts in the French navy.

- PLYE, J. F. *The income-tax law of the state of Missouri, as amended August 3, 1921.* Journ. Pol. Econ., June, 1922. Pp. 12. Traces the development of the tax from 1861 to the present.
- ROTHER, T. *Pourquoi et comment réduire les dépenses de l'état Français.* Réf. Soc., June, 1922. Pp. 20. Believes expenditures should be cut down because of need of reducing foreign debt and on account of the small benefit derived from many expenses.
- DI TORREPADULA, C. R. *Il privilegio nelle imposte dirette.* Riv. di. Pol. Econ., Apr., 1922. Pp. 13.
- TSOUDEROS, E. J. *Le nouvel emprunt forcé du gouvernement grec.* Rev. d'Econ. Pol., May-June, 1922. Pp. 4. Holders of notes of the Bank of Greece must exchange them for one half of their value in new notes and the other half for interest-bearing government obligations.
- SULLIVAN, M. *What's ahead in taxes?* Nation's Bus., July, 1922. Pp. 3. Does not look for further reduction in federal taxes.
- WELLHOFF, E. *L'emprunt forcé hollandais.* Rev. de Sci. et de Légis., April-June, 1922. Pp. 23. In 1920 all persons with capital or income above certain amounts were required to subscribe to a low rate government loan.
- YVES-GUYOT. *Les dangers budgétaires.* Journ. des Econ., July, 1922. Pp. 19. Discusses proposals for reducing the French deficit.
- Indian budget for 1922-1923.* Journ. Indian Econ. Soc., March, 1922. Pp. 11. Attempts to remove deficit by increasing taxes rather than by decreasing expenditures.

Population

(Abstracts by A. B. Wolfe)

- ANDRÉADES, A. *La crise de la surpopulation en Angleterre.* Rev. Pol. et Parl., Jan., 1922. Pp. 12.
- BLAND, J. O. P. *Overpopulation threatens ruin to all mankind.* New York World, July 9, 1922. P. 1. The world must make choice between birth control, and disease, war, and famine.
- BOAS, F. *Report on an anthropometric investigation of the population of the United States.* Journ. Am. Stat. Assoc., June, 1922. Pp. 28. The principal problems that must be taken up in an anthropometric study of the population of the United States include: the degree of homogeneity of the population, the hereditary characteristics of the existing lines, the influence of environment, and the influences of selection. The study must be of children as well as adults.
- BOUTHOL, G. *Etude sociologique des variations de la natalité dans les faits et dans les doctrines.* Rev. Intern. Sociol., March-April, 1922. Pp. 23.
- BOWERS, P. E. *The necessity for sterilization.* Journ. of Delinquency, Sept., 1921. Pp. 17. Advocates sterilization of incurable insane, epileptic, and feeble-minded as a means of diminishing crime.
- DARLU, P. *Les mesures législatives en faveur de la natalité.* Rev. Pol. et Parl., April, 1921.
- DAVIS, J. J. *How the immigrant laws are working.* Am. Rev. Rev., May, 1922. Pp. 8. An interesting description of the work of the Secretary's Board of Review in handling exceptional cases under the percentage law.
- DONALD, H. H. *The negro migration of 1916-1918.* Journ. of Negro Hist., Oct., 1921. Pp. 16.
- DUBLIN, L. I. *The mortality of foreign race stocks.* Sci. Mo., Jan., 1922. Pp. 10. A quantitative study of the vigor of racial elements in the population of the

United States. With the exception of the Russian Jews, the exception of life of the foreign born is less than that of the native born of native parentage.

DUPRÉEL, E. *Les variations démographiques et le progrès*. Rev. de l'Inst. de Sociol., May, 1922. Pp. 26. A labored deductive argument, unsupported by factual citation, in support of the thesis that increasing population, through the competition and the enforced individual initiative it entails, is a cause of progress and civilization. As an afterthought the author avers that his conclusions do not have much practical application.

ELLIS, H. *Eugenics and the uneducated*. Forum, Jan., 1922. Pp. 12.

DE GEER, S. *A map of the distribution of population in Sweden: method and preparation of general results*. Geog. Rev., Jan. 1922. Pp. 12. Presentation of the possibilities of representing population density and distribution by a cartographical method employing dots and three-dimensional symbols.

HILL, J. A. *Some results of the 1920 population census*. Journ. Am. Stat. Assoc., Sept., 1922. Pp. 9. The last census shows a retardation of population growth; an increase in the percentage urban, more striking than in the preceding decade and resulting to a greater extent from cityward migration; a marked extension of the area of decreasing population; a decrease in the percentage foreign-born, and in the percentage negro; a decrease in the proportion of children and of adults under 35 in the total population.

HOFFMAN, F. L. *The demography of the Jewish race*. Econ. World, April 1, 1922. Reprinted from *The American Hebrew*, March 3, 1922. Reviews the relative low frequency of certain diseases among the Jews as compared to other elements in the population. Essentially a review of a demographic study of the Jews of Amsterdam made by Dr. J. Sanders.

HUSBAND, W. W. *Immigration under the per centum limit act*. Mo? Labor Rev., Aug., 1922. Pp. 11. 3 maps. Summarizes the Immigration act of May 19, 1921 (the "quota law"), gives statistics of admissions in 1921-22, and discusses some administrative problems. "The per centum limit law has accomplished the purpose for which it was obviously enacted with a degree of success which few anticipated."

KEUP, E. *Innere Kolonisation und Bevölkerungspolitik*. Reichs-Arbeits-Blatt, Nov. 15, 1921. Pp. 3.

KEYNES, J. M. *The problem of population in its larger aspects*. Journ. of Commerce and Commercial Bull. (N. Y.), Aug. 29, 1922. P. 1. The problem of population will be in the near future the greatest of all political questions—one which will arouse some of the deepest instincts and emotions. Feelings may run as passionately as in earlier struggles between religions. The issue is not yet joined, but when the instability of modern society forces the issue a great transition in human history will have begun.

LOBENSTEIN, R. W. *Reducing maternal mortality*. Am. Journ. Pub. Health, Jan. 1922. Pp. 6.

LUCHT, H. *Das Geschlechterverhältnis der Geborenen in Preussen während des Krieges*. Zeitschr. d. Preussischen Stat. Landesamts, no. 1-2, 1920.

MARSHALL, R. C. *Will immigration law cripple industry?* Mag. Wall St., Sept. 25, 1922.

NIKITINE, A. *L'émigration russe*. Rev. des Sci. Pol., April-June, 1922. Pp. 27. An exposition of the attitudes, opinions, and activities of the Russian émigrés in France, Poland, and other European countries.

MCGILLICUDDY, O. E. *Canada moves to restrict Oriental immigration*. Am. Rev. Rev., July, 1922. Pp. 3. Review of the discussion in the Canadian House of Commons on a resolution in favor of "effective restriction" of Oriental immigration to the Dominion. The resolution was passed, May 9, 1922, by a vote of 130

- to 36. The whole question of Oriental immigration has developed great interest throughout the different provinces of the Dominion.
- MILLER, K. *Enumeration errors in negro population*. Sci. Mo., Feb., 1922. Pp. 10. A well-supported adverse criticism of the Census Bureau's results, especially in the enumeration of 1920, and of some of the conclusions drawn from them. The census of negroes in 1920 is classed with those of 1870 and 1890 in point of deficiency in enumeration.
- OSBORN, H. F. *Eugenics—the American and Norwegian programs*. Sci., Nov. 18, 1921. Pp. 3.
- PEARL, R. *The population problem*. Geog. Rev., Oct., 1922. Pp. 10. Comparison of world's population increase with world production of certain staple commodities since 1800.
- PICO, J. M. *Población urbana y rural en 1914*. Rev. de Economía Argentina, June, 1922. Pp. 22. Numerous graphs. Of the total population of 6,885,237, 57.4 per cent are classed as urban, 42.6 per cent as rural. Of the 5,527,285 native Argentinians, 52.7 per cent are urban, 47.2 per cent rural. Of the foreign stocks (2,357,952) 68.3 per cent are urban, 31.7 per cent rural. Excluding the Capital Federal, however, 47 per cent of the population is urban, 53 per cent rural. Details for the different states and nationalities are given.
- ROSS, E. A. *Controlled fecundity*. New Repub., Jan. 25, 1922. Pp. 4.
- ROSS, E. A. *The necessity of an adaptive fecundity*. Pub. Am. Sociol. Soc., vol. XVI, 1922. Pp. 9. A paper read at the Sociological Society's meeting in 1921. The practice of family limitation is unavoidable. Without it there would be from one to three billions of population in the United States by the end of this century.
- SCHWARTZ, O. *Wohn- und Bevölkerungsdichte der neuen Stadtgemeinde Berlin*. Petermann's Mitteil., vol. 67, 1921. Pp. 4. Map.
- SHAW, E. R. *The ratio of male to female births as affected by wars*. Journ. Am. Stat. Assoc., June, 1922. Pp. 5. Gives statistical evidence in disproof of the hitherto widely accepted theory that the proportion of male to female births rises during or just after a period of war or similar catastrophe in which the mortality of males has been unusually heavy.
- WARD, R. DEC. *Some thoughts on immigration restriction*. Sci. Mo., Oct., 1922. Pp. 7. Conventional arguments on restriction. Based on the assumption that present-day immigrants are necessarily of inferior stocks, and that consequently the melting-pot idea is fallacious.
- WALLIS, W. D. *The Mexican immigrant of California*. Pac. Rev., Dec., 1921. Pp. 10. A sketchy article purporting to outline Mexican character. Regards the Mexican as a menace because of his low standards of income and living.
- WILLCOX, W. F. *On the future distribution of white settlement*. Geog. Rev., Oct., 1922. Pp. 2. In the nature of an adverse criticism of the generalizations in Taylor's article on this subject in the *Geographical Review* for July, 1922. Holds that we lack data for forecasting the world's population for more than a few years ahead; and that we now stand at the threshold of a new epoch in the history of population because of the spread of voluntary control of fecundity.
- Foreign born in the city of New York*. Greater New York, June 5, 1922. P. 1. More Russians than any other nationality except native born. Italians second.
- Increasing life span in the United States*. Met. Life Ins. Co. Stat. Bull., May, 1922. Pp. 2.
- Les résultats du recensement de 1921*. Monde Econ., Jan. 7, 1922. P. 1. The population of France (including Alsace-Lorraine) in 1921 was 39,209,766. Without Alsace-Lorraine it was 37,500,017—showing a net decrease of 2,104,975 from 1911. The actual decrease was not so great, however, as the census did not include soldiers and sailors under arms beyond the confines of France.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- BAKER, F. S. *Life insurance for women*. Survey, Aug. 15, 1922. P. 1. Analysis of 4,431 policies—one tenth of total—taken out by women in Massachusetts state savings bank life insurance on October 31, 1921. Of the holders, 11 per cent were under 20, about 25 per cent between 30 and 40, and one sixth over 40. Factory workers formed 34 per cent, clerical workers 26 per cent, housewives 20 per cent, etc. 70 per cent were annual premium policies.
- BLASCHKE, E. *Veränderliche Versicherungssummen in der Lebensversicherung*. Zeitsch. f. d. ges. Ver.-Wis., July, 1922. Pp. 22. Holds that a variable standard, such as one proposed by Irving Fisher, can be used in long-time contracts to avoid the difficulty caused by fluctuating currencies. Proposes a method and develops formulas.
- BLUMENTHAL, F. *Die Prognose des Krebses in ihrer Bedeutung für die Versicherung*. Zeitschr. f. d. ges. Ver.-Wis., July, 1922. Pp. 9. Sums up medical experience from insurance viewpoint.
- BUEHRING, G. *Unfallversicherung mit Prämienrückgewähr in steuerrechtlicher Hinsicht*. Zeitschr. f. d. ges. Ver.-Wis., July, 1922. Pp. 7. If an accident company agrees to return the annual premiums, though without interest, on death or the attainment of a specified age, is the transaction insurance or capital accumulation, and how do the tax laws apply?
- DORN, H. *Die Versicherungs-Generalagenten und das neue Arbeitsrecht*. Zeitschr. f. d. ges. Ver.-Wis., July, 1922. Pp. 19. Agents would have a better status if they remained outside the scope of the labor law.
- DOWNEY, E. H. *Re-marriage experience of Pennsylvania compensation insurance carriers, policy years 1916-1919*. Proc. Cas. Act. Soc., May 16, 1922. Pp. 12. Data from experience of Royal Dutch Insurance Institute is of doubtful applicability under American conditions. Coal miners' widows show a rate of 6.38; other industries, 3.28. Number of dependent children affects rate but slightly, if at all. Frequency greatest in second year of widowhood.
- DUBLIN, L. I. *The work of Dreyer in relation to life insurance examinations*. Journ. Am. Stat. Assoc., June, 1922. Pp. 11. Dreyer's book on *Assessment of Physical Fitness* shows that his researches are still in experimental stage, but offer great future possibilities.
- DUBLIN, L. I. and KOPF, E. W. *Mortality from external causes among industrial policyholders of the Metropolitan Life Insurance Company, 1911-1920*. Proc. Cas. Act. Soc., May 17, 1922. Pp. 45. Tables and graphs, with comment.
- DUFFY, T. J. *Workmen's compensation*. Am. Fed., Aug., 1922. Pp. 10. Experience of the Ohio state fund and advantages of such funds over private companies.
- FORGERON, L. *Le mécanisme technique et les charges éventuelles du projet d'assurance sociales (suite)*. Journ. des Econ., June 15, 1922. Pp. 16. Detailed review of the statistical basis of the bill.
- GREGORY, J. E. *Credit insurance*. Proc. Cas. Act. Soc., May 17, 1922. Pp. 7. Methods of conducting the business.
- HOPPE, E. *Versicherung zur Deckung des im Brandschadenfalle aufzubringenden Entwertungsbetrages (Tilgungsversicherung)*. Zeitschr. f. d. ges. Ver.-Wis., July, 1922. Pp. 14. The stipulation in fire policies that the insurance covers only the value of the property at the time of the fire, is unfortunate and produces a moral hazard. Proposes a system of amortization and savings insurance.
- IVES, H. S. *Insurance as America's "key" business*. Econ. World, July 22, 1922. Pp. 4. Present success of American insurance institutions due to private initia-

tive and energy. Public should be kept informed of efforts to nationalize insurance.

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- . *Insurance service or coöperative monopoly of insurance?* Econ. World, Sept., 1922. Pp. 4. Stock companies in fire insurance give service in addition to assuming risks. The "reciprocal" and "mutuals" are class insurance with monopolistic tendencies.
- JACQ, F. *Le nouveau régime des sociétés d'assurances mutuelles.* Monde Econ., May 27, 1922. P. 1. The decree published in *Journal Officiel* of March 15, 1922, requires the mutuals to have at least 300 members, total policies of 5,000,000 francs, and an annual premium income of 50,000 francs.
- KING, G. *On a short method of constructing select mortality tables. Further developments.* Journ. Inst. Actuaries, July, 1922. Pp. 63. Description of method, with tables and formulas.
- KIST, J. *De Grondslagen van het Levensverzekeringsbedrijf.* De Economist (Dutch), May, 1922. Pp. 11. A criticism of Professor Holwerda's statement of fundamental principles underlying life insurance business.
- LA BOYTEAUX, W. H. *Vital points in marine insurance policies from the standpoint of the exporter.* Econ. World, July 15, 22, 1922. Pp. 2, 1. General advice to exporters, with explanation of terms, general customs of the business, etc.
- McMURRY, D. L. *The political significance of the pension question, 1885-1897.* Miss. Valley Hist. Rev., June, 1922. Pp. 18. Civil war pension question affected political events in connection with the veto of the Dependent bill in 1887, the election of 1888, Corporal Tanner's term as pension commissioner, and the Pension act of 1890. With the disappearance of the federal surplus after 1893, the pension question became a minor issue.
- MALTBY, C. H. *Results of an investigation into the effect of different valuation bases upon surplus.* Journ. Inst. Actuaries, July, 1922. Pp. 26. Traces the surplus earned during a policy year at five year intervals; includes surplus from mortality, interest and loading. Gives formulas used.
- MOLDENHAUER, P. *Versicherungsprinzip oder Versorgungsprinzip in der deutschen Sozialversicherung.* Zeitschr. f. d. ges. Vers.-Wis., July, 1922. Pp. 6. Post-war changes are nearly all in the direction of making the laws relief measures. Adherence to insurance principles recommended.
- MOWBRAY, A. H. *Observations on pension funds for employees rendered permanently disabled by reason of a second injury.* Proc. Cas. Act. Soc., May 17, 1922. Pp. 11. In New York, these cases are cared for from a special fund accumulated from a transfer of \$500 from each "no-dependency" case, which is more than adequate. Recommends further study.
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- . *The value of a social point of view in the conduct of the casualty insurance business.* Proc. Cas. Act. Soc., May 17, 1922. Pp. 9. The business can survive only if it meets the broad social needs of the community.
- PERRIN, O. W. *The development of settlement options in life insurance contracts.* Econ. World, Sept. 2, 1922. Pp. 3. Reprinted from *The Eastern Underwriter*, Aug. 25, 1922. Insurance companies are now extending their business in paying incomes rather than lump sum. Illustrations of service of this kind.
- RILEY, H. B. *The place of title insurance in the modern business world.* Econ. World, July 8, 1922. Pp. 3. Business world needs an insurance which will care for the risks of the doubtful situations; companies should be active in assuming such risks.
- STEFFENSON, J. F. *On certain formulas of approximate summation and integration.* Journ. Inst. Actuaries, July, 1922. Pp. 10.
- VALGREN, V. N. *Agricultural insurance.* Proc. Cas. Act. Soc., May 17, 1922. Pp.

15. Annual damage to ten leading crops in United States in 1909-1919 was \$2,620,000,000. Hail insurance best known and in 1919 total premiums were over \$30,000,000. Describes methods of private companies in providing general crop coverage; results so far unfavorable.

Credit insurance in the United States. Fed. Reserve Bull., June, 1922. Pp. 10. General plan used by the three leading companies who do practically the entire business; form of policy; actuarial bases of the plan, with tables; recent developments and classification of business lines.

Essentials of fire insurance. Pace Student, Aug., 1922. Pp. 3.

Recent developments in connection with government regulation of industrial life insurance in Great Britain. Econ. World, Sept., 1922. Pp. 2. Reprinted from *Manchester Guardian Commercial*, Aug. 10, 1922. After the investigation by Lord Parmoor's committee, a bill for the regulation of industrial business was introduced. Opposition to this bill was so successful as to make its amended form entirely innocuous. The wastes of the system will continue.

Die schweizerischen Aktiengesellschaften in den Jahren 1901 und 1920. Zeitschr. f. Schweiz. Stat. u. Volkswirts., 1 Heft, 1922. Pp. 3. 'Twenty-years growth.

Unemployment insurance: an international survey. Intern. Lab. Rev., Sept., 1922. Pp. 10. Treats: state-aided workers' unemployment insurance; compulsory insurance and employers' participation; proposed systems; general tendency of unemployment insurance.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

COBB, M. E. *The mentality of dependent children.* Journ. Delinquency, May, 1922. A study of results obtained in tested groups of dependent children. The conclusion reached is that there is a decided inferiority among such children. Among the causes mentioned are hereditary influences, a handicapping environment and institutional life.

DOLL, E. A. *Educational credo for a state home for girls.* Journ. Delinquency, July, 1922. Gives an excellent statement of the essentials of adequate treatment of delinquent girls. It advocates several types of classifications, each intended to meet the particular needs of the special group of girls.

———. *Objective mental diagnosis.* Journ. Delinquency, May, 1922. A discussion of advanced methods of mental examination of children at the New Jersey State Home for Boys. Significant facts for delinquent boys have been disclosed.

FEUGÈRE, E. *L'assistance publique à Paris en 1922.* L'Econ. Franç., Aug., 1922. Consists of an analysis of the Philanthropic Budget of Paris for the year 1922. Expenditures are constantly increasing, but the variety of enterprises are also receiving more substantial support.

HUGHES, W. II. *Some responsibilities of the public school in developing social attitudes.* Journ. Delinquency, July, 1922. Discusses the problem of the school as a factor in the development of large-group consciousness among pupils so that our social relationships may become democratic and progressive. Instead of over-emphasizing the importance of material resources, we must give more attention to the problem of human resources and how best to conserve them.

MURPHY, J. P. *The crime wave and probation.* Catholic Charities Rev., May, 1922. Pp. 4. Seeks to explain the causes of the crime wave. The failure of the courts to give justice and the attitude of many lawyers are given as two reasons. The claim that probation is an important cause is unfounded.

- WILLIAMS, J. H. *A court hearing on parental neglect.* Journ. Delinquency, May, 1922. Includes a stenographic report of the court proceedings in a case of delinquent children, whose delinquency is clearly traceable to parental neglect.
- WYLE, A. *Atypical children in orphanages.* Journ. Delinquency, July, 1922. A large number of defective and backward children are irregularly received in our orphanages and children's institutes. The question propounded whether such institutions should not limit themselves to the abnormal instead of accepting different types in the same institute and thereby aggravating the problem of handling either the normal or abnormal.

Socialism and Co-operative Enterprises

- VAN BLOM, D. *Socialisatie.* De Economist (Dutch), June, 1922. Pp. 34. Discusses political and economic aspects of socialistic tendencies at the present time.
- BOREL, E. *La science dans une société socialiste.* Scientia, Mar., 1922.
- COLE, G. D. H. *The guild movement in Great Britain.* Intern. Lab. Rev., Aug., 1922.
- CARANO-DONVITO, G. *Classi e lotte di classi nel medioevo: contributo allo studio del movimento sindacale.* Rif. Soc., Oct.-Dec., 1921. Pp. 24.
- HEWES, A. *Guild socialism: a two years' test.* Am. Econ. Rev., June, 1922. Pp. 29.
- LANDAUER, K. *Sozialismus und parlamentarisches System.* Archiv f. Sozialwis. u. Sozialpolitik, 3 Heft, 48 Band. Pp. 13.
- MISES, L. *Die Arbeit im sozialistischen Gemeinwesen.* Zeitschr. f. Volkswirtsch. u. Sozialpolitik, 7-9, Heft., 1922.
- MOSCA, B. *Il pensiero di Saint-Simon considerato dopo un secolo.* Rif. Soc., Oct.-Dec., 1921. Pp. 31.
- POLÁNYI, K. *Sozialistische Rechnungslegung.* Archiv f. Sozialwis. u. Sozialpolitik, May, 1922.
- PUCKETT, H. W. *Socialists in German education.* Survey, Dec. 3, 1921. Pp. 2.
- TUGWELL, R. J. *Guild socialism and the industrial future.* Intern. Journ. Ethics, Apr., 1922. Criticizes Mr. G. D. H. Cole's theories on the ground that "ultimate schemes, however reasonable or mutable, must be built on ultimate premises in industrial life. And it is never safe to admit static ultimate premises."
- WARBASSE, A. D. *Coöperative housing in Europe.* Am. Rev. Rev., Feb., 1922.

Statistics

(Abstracts by Horace Secrist)

- ARNER, G. B. L. *Land values in New York City.* Quart. Journ. Econ., Aug., 1922. A study first of "nine vacant or nearly vacant parcels of land in the developed sections of the borough of Manhattan; second, an intensive study of a tract of about fourteen blocks on Washington Heights together with a large acreage tract in the upper Bronx; third, a study of ten tracts which were subdivided and sold at auction between the years 1905 and 1913; fourth, a less detailed study of each of the five boroughs of New York City from 1906 to 1921, with additional data in regard to the five wards in the borough of Queens, and a tract of 24 square miles in Brooklyn." Concludes *inter alia*: "A large part, and in some cases all, of the increase in the value of vacant land is offset by actual payments to the city in the form of taxes and special assessments with interest thereon. The holding of vacant land is not a profitable form of investment, except for short periods of time in exceptionally favorable locations."

- BOAS, F. *Report on an anthropometric investigation of the population of the United States.* Journ. Am. Stat. Assoc., June, 1922.
- BIVINS, P. A. *Charting as an aid to stabilizing profits.* Indus. Manag., Sept., 1922. A general article calling attention to the value of certain government publications, how they may be secured, and to the use of charts to illustrate facts of interest to business men.
- CHERINGTON, P. T. *Wool growing in the United States.* Bull. Nat. Assoc. Wool Mfrs., July, 1922. Pp. 17. A valuable historical treatment with suggestions for a plan for a sheep revival. Statistical tables, maps, and diagrams.
- CRUM, W. L. *The determination of secular trend.* Journ. Am. Stat. Assoc., June, 1922. Purpose of the paper is to examine the question, "Would it not be preferable to fit the line (of secular trend) so that the sum of the squares of the ratios, rather than the sum of the squares of the actual deviations, is minimum?" "and to get a first approximation to the position of the line of secular trend on the new basis."
- DAY, E. E. *The volume of production of basic materials in the United States, 1909-1921.* Rev. Econ. Stat., July, 1922. Pp. 15. Gives individual indexes, unadjusted and adjusted, for agriculture, animal husbandry, forestry and mining, and a general index for the combined groups. Method of adjusting the indexes is described. Tabular and graphic material.
- DOBBELAAR, P. J. *Een beroepsstatistiek van Schiedam in het jaar 1807.* De Economist (Dutch), Sept., 1922. Pp. 15. A study of an occupational census taken in Holland in 1807.
- DOTEN, C. W. *Statistics in the service of economists.* Journ. Am. Stat. Assoc., March, 1922. Pp. 7. A survey of the contributions of statistical organizations to an understanding of the economic order.
- DWIGHT, T. *Business trend from energy consumed.* Elec. World, Sept. 30, 1922. Pp. 3. Energy generated by central electric stations a guide to general business conditions. Illustrative statistics and diagrams.
- HART, W. L. *The method of monthly means for determination of a seasonal variation.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 9. Primarily a criticism of the method of determining seasonal variation developed by W. M. Persons and used by the Harvard Committee on Economic Research.
- HILL, J. A. *Some results of the 1920 population census.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 9. "A retardation of population growth; an increase in the percentage urban, more striking, all things considered, than in the preceding decade, and resulting to a greater extent from cityward migration; a marked extension of the area of decreasing population; a decrease in the percentage foreign-born caused by the check to foreign immigration, and in the percentage negro, indicating a declining birth rate for that race; a decrease in the proportion of children and of adults under 35 in the total population and a corresponding increase in the proportion above 35—these are some of the results shown by the fourteenth census."
- HOFSTOOS, E. *Commercial failures of the barometric significance.* Annalist, Aug. 21, 1922. Holds that the number and liabilities of commercial failure have a barometric significance—excessive numbers indicating business prosperity ahead, and abnormally few suggesting a coming storm. "Sometime prior to the next crisis failures will reach a new low level. This will be a warning to the keen observer."
- HOLMES, B. E. *Measuring growth and shrinkage by means of ratio charts.* Indus. Manag., Sept., 1922. An instructive article in which the major value lies in the discussion and method of determining increase and decrease slope lines in ratio charts.

- KING, W. I. *The net volume of saving in the United States.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 19. A constructive statement of the problem with part of the results given. (To be concluded.)
- MOORE, H. L. *An eight-year cycle in rainfall.* Mo. Weather Rev., July, 1922. P. 1.
- MOURRE, BARON. *Des variations de l'inégalité des revenus et du revenu moyen.* Journ. Soc. Stat. de Paris, July-Aug.-Sept., 1922. Pp. 14.
- MYERS, M. G. *Monthly production of pig iron.* Journ. Am. Stat. Assoc., June, 1922. Concludes that pig iron production can be predicted from data on capacity of furnaces in blast.
- OGBURN, W. F. and THOMAS, D. S. *The influence of the business cycle on certain social conditions.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 17. A review of the measures of the phases of the business cycle; the construction of a new measure; and the comparison with it of marriage, divorce, death, birth, crime and suicide rates. Steps in the method given.
- PETERSON, R. E. K. *Calculation of the correlation ratio.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 4. An illustration of the tabular method of computing the correlation ratio.
- POLAKOV, W. N. *Kinetic statistics as an aid to production and distribution.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 6. "Kinetic charts have a mission quite their own—to tell while the thing is being done whether it is being done well, and if not, why not; and whether it will be done in time, and if not, what steps should be taken to get the thing done."
- SCHWARZ-LEYEN. *Der Einfluss der Produktionssteigerung auf die Produktionskosten.* Zeitschr. f. Schweiz. Stat. u. Volkswirts., 2 Heft, 1922. Pp. 12.
- SECRIST, H. and ALTMAN, B. L. I, *A business barometer for retailers.* National Retail Clothier, June 15, 1922. Pp. 9. II, *Stock turnover in retail clothing stores—a barometer of expense and trade tendencies.* July 20. Pp. 5. III, *The control of expenses and profits in the retail merchandising of clothing.* Sept. 21. Pp. 7. IV, *Amounts sold per full-time salesman in retail clothing stores—a barometer of expense and trade tendencies.* Oct. 6. Pp. 7. This series of articles deals with methods of controlling expenses and profits in retail clothing stores.
- SNODGRASS, K. *A new price index for Great Britain.* Journ. Am. Stat. Assoc., June, 1922. A description and critical account. Concludes that in the case at hand the evidence is that "very satisfactory wholesale price indexes can be constructed on the basis of less than 100 quotations."
- THOMANN, D. *Die Bevölkerungsbewegung in den schweizerischen Stäten mit über 10,000 Einwohnern in den Jahren 1891 bis 1920.* Zeitschr. f. Schweiz. Stat. u. Volkswirts., 1 Heft, 1922.
- TUCKER, R. S. *Distribution of men physically unfit for military service.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 7. An analysis of draft statistics and a criticism of the conclusions found in the study *Defects Found in Drafted Men*—a War Department publication. Concludes, among other things, "On the whole, they [the statistics] seem to show a superiority of the native white stock over the immigrant strain; and they almost certainly show a superiority of whites over negroes. They do not support the views put forth in Love and Davenport's report, concerning the superiority of southern agricultural whites, Indians, Mexicans, and natives of German and Scotch origin, and of rural districts in general as compared with urban; neither do they prove the inferiority of French Canadians. They are, however, consistent with Love and Davenport's conclusions as to the freedom from defect of the northern native white agricultural districts and the Scandinavian groups, and the relative excess of defects among the negroes and the mountain whites of the Appalachians. Finally, they seem to indicate that

Americans living outside the state of their birth are, as the result of a selective process, physically superior to the stay-at-homes; and that, in consequence, the rapidly growing states are superior to those with more nearly stationary populations; but they do not indicate that the inferiority of the latter has developed into racial degeneracy on the part of the native whites, except possibly in some parts of Maine, Vermont, Georgia, Kentucky, and Tennessee."

TURNER, MRS. V. B. *Agricultural wages and wage earners in Norway and Sweden.* Mo. Labor Rev., Sept., 1922. Pp. 14.

VANCE, R. *Business statistics as a basis for business planning.* Administration, Oct., 1922. Pp. 5. Stresses the use of statistics for controlling executive action.

DE VILLE-CHABROLLE, M. *Le mutiles et formes de la Guerre 1914-1918 en France.* Bull. Stat. Générale de la France et du Service d'Observation des Prix, July, 1922. Pp. 35.

WOODBURY, R. M. *Westergaard's method of expected deaths as applied to the study of infant mortality.* Journ. Am. Stat. Assoc., Sept., 1922. Pp. 11. Explains Westergaard's method of "isolating the influence of a single factor from that of other associated factors, and of stating the results in clear and definite terms," and applies the method to a study of infant mortality. Holds that the method has universal application.

WRIGHT, P. G. *Moore's work in cycles.* Quart. Journ. Econ., Aug., 1922. A critical and, on the whole, unsympathetic review of Professor Moore's work. Concludes, "It appears to the writer that, while it is always a fascinating pursuit to seek a physical basis for economic and sociological phenomena, in the present instance it is not necessary, in order to account for the roughly periodic ups and downs of business, to assign any such non-economic generating cycle. Adequate causal forces may be found in the capitalist system with its production in anticipation of demand, its constant influx of labor-saving machinery, and its foundation upon a basis so non-material and so subject to the swift mutation of group psychology as credit. Indeed, the rough periodicity of business cycles suggests the elastic recurrence of human functioning rather than the mathematical precision of cosmic phenomena."

Arbetslönernas stegring 1913-1921 i Sverige och vissa andra länder. Soc. Med., no. 6, 1922. The rise in wages and cost of living in Sweden, 1913-1921, showed by graph and by tables—the year 1913 forming the basis of comparison.

Les dommages de guerre et la reconstitution des régions libérées. Journ. Soc. Stat. de Paris, June, 1922. Pp. 8. One of a series of comprehensive articles—replete with statistical data.

Estimating wool yields. Scoured content tests in France. Bull. Nat. Assoc. Wool Mfrs., July, 1922. A reprint of an article prepared by M. Robert Dantzer, superintendent of the woolen mills of E. Ricalens Pils, Larroque-D'Olmes, Ariege, France. Discusses the problem of estimating wool shrinkage.

Fylleriförseelser och deras orsaker under andra kvartalet 1922. Soc. Med., no. 9, 1922. Pp. 6. A statistical account of drunkenness and its causes in Sweden during the second quarter of the current year.

Kooperativ verksamhet: Sverige 1917-1919. Soc. Med., no. 6, 1922. Pp. 9. A statistical presentation of coöperative enterprises in Sweden, 1917-1919.

The lac trade. Commerce Mo., Oct., 1922. Pp. 2. Tabular and graphical material, 1913-1922.

Manufacture of linen. Commerce Mo., Oct., 1922. Pp. 5.

DOCUMENTS, REPORTS AND LEGISLATION

Industries and Commerce

From the United States Tariff Commission have been received:

Tariff Acts Compared (Washington, 1922, pp. 389). This is a compilation of the paragraphs of the recent House and Senate bills together with corresponding paragraphs of the previous acts of 1909 and 1913.

Recent Tendencies in the Wool Trade with Special Reference to Their Tariff Aspects, 1920-1922 (pp. 49). This discusses the world surplus and its effect on prices; changes in normal price relations between grades; and the relative effect of different duties on the consumer.

Also, in Tariff Information Surveys, revised editions of *Household Articles of Cotton*; *Silk Wearing Apparel and Silk Small Wares*; *Heavy Leathers*; *Light Leathers (Group 1)*; and *Surface-coated, Photographic, Cigarette and Miscellaneous Papers*.

Tariff Information Series—

No. 26, *Census of Dyes and Other Synthetic Organic Chemicals, 1921* (1922, pp. 173).

No. 27, *Emergency Tariff Act and Longstaple Cotton* (pp. 35.) This deals more particularly with the trade in Egyptian cotton.

No. 28, *Hides and Skins* (1922, pp. 28).

No. 29, *The Emergency Tariff and Its Effect on Cattle and Beef, Sheep and Mutton, Wool, Pork, and Miscellaneous Meats* (1922, pp. 40).

The letter from the Tariff Commission on *Operation of Rates in the Emergency Tariff Act* has been printed as Senate Document No. 224 (67 Cong., 2 Sess., pp. 142).

The Federal Trade Commission has published volume III of a *Report on the Grain Trade*, under the title of *Terminal Grain Marketing* (Washington, 1922, pp. 332). This deals with car-lot movement of grain, transportation and road facilities, warehousing and storage, merchandising in terminal markets, financing the grain trade, the insurance charges and scalping in the cash markets. Many forms and statistical tables are added. The Commission has also published the *Report on Lumber Manufacturers' Trade Associations*, incorporating the reports of January 10, February 18, June 9, 1921, and February 15, 1922 (pp. 150). This contains four parts: A preliminary survey of the Lumber Manufacturers' Trade Associations; Southern Pine Association of New Orleans; Douglas Fir Lumber Manufacturers' and Loggers' Associations; and Western Pine Manufacturers' Association of Portland, Oregon.

The Department of Commerce has issued in its Miscellaneous Series:

No. 112, *Volume of United States Trade, 1921, by Ports of Origin and Destination* (Washington, 1922, pp. 57).

No. 114, *Foreign Periodicals on Trade and Economic Conditions* (pp. 33). This is a serviceable list, many of the entries being classified by commodities with annotated comments describing the scope of the journal.

No. 115, *Trade of the United States with the World, 1920-1921. Part I: Imports* (pp. 130).

Four volumes of the detailed Report of the Joint Commission of Agricultural Inquiry, the first two of which have already been noted (AM. ECON. REV., June, 1922, p. 376) have now been published as H. R. 408, 67 Cong., 1 Sess. Part III (pp. 686) deals with transportation and freight rates. Part IV (pp. 266) is concerned with marketing and distribution. This volume contains a great many charts, illustrating the subjects of the Commission's inquiry.

Bull. 1083 of the federal Department of Agriculture deals with *Farm and Terminal Market Prices: Wheat, Corn, and Oats, 1920-1921*, by J. W. Strowbridge (September, 1922, pp. 58). There are maps showing production by states. Bull. 1068, by J. T. Sanders, is entitled *Farm Ownership and Tenancy in the Black Prairies of Texas*.

Some of the material prepared by the Bureau of Agricultural Economics and published in the *1921 Yearbook of the United States Department of Agriculture* is being reprinted in eleven *Yearbook Separates*. The following nine are now available for distribution:

No. 867, *Imports and Exports of Agricultural Products*.

No. 868, *Statistics of Grain Crops*.

No. 869, *Statistics of Crops Other than Grain Crops*.

No. 870, *Live Stock*.

No. 871, *Miscellaneous Agricultural Statistics*.

No. 872, *The Corn Crop*.

No. 873, *Wheat Production and Marketing*.

No. 877, *The Cotton Situation*.

No. 878, *A Graphic Summary of American Agriculture*.

The remaining two, No. 874, *Our Beef Supply*, and No. 876, *Cost Data for Farm Products*, are in press.

The Department of Agriculture has prepared a useful list of *Publications* issued by the Bureau of Agricultural Economics, including those issued by the Bureau of Markets prior to July, 1921, and those issued by the Bureau of Markets and Crop Estimates from July, 1921, to July, 1922 (pp. 9).

The Joint Hearings, representing the testimony of some fifty witnesses, before the Senate Committee on Commerce and the House Committee on the Merchant Marine act of 1920 have been printed in two volumes (Washington, 1922, pp. 12,059). These Hearings were held in April and May of this year. The majority views of the House Committee appear as Report No. 1112, under the title of *American Merchant Marine* (67 Cong., 2 Sess., June 16, 1922, pp. 35), and the views of the minority as Report No. 1112, part 2, under the title *The Ship Subsidy Bill* (67 Cong., 2 Sess., June 28, 1922, pp. 35).

The Hearings before a Subcommittee of the Senate Committee on Agriculture and Forestry on the proposal to amend Section 5 of the Cotton

Futures act and to prevent sale of cotton and grain in future markets have been printed (pp. 175). These Hearings were held during the first half of the current year. This same committee has also printed the Hearings on *Investigation of Organizations Engaged in Combating Legislation for the Relief of Agriculture* (pp. 324).

The Chamber of Commerce of Minneapolis has collected a series of illustrated articles on *The Nature and Functions of a Grain Exchange*, *The Flour Mills of Minneapolis*, *The Linseed Oil Industry*, and *Future Trading, Hedging and Speculation in Grain Exchanges*, prepared by John C. McHugh, Secretary of the Chamber. The Chamber also has for distribution other pamphlets bearing upon grain marketing, namely, *Question Book Regarding Present Grain Marketing System* (pp. 23), and *Handling the Farmers' Grain*, by F. R. Durant (pp. 31).

From the National Coal Association (Washington, D. C.) have been received a number of pamphlets as follows: *Statement of J. D. A. Morrow before the Committee on Labor of the House of Representatives, April 25, 1922*; *The Objections of Bituminous Coal Operators of the United States to Regulation of Business by Legislation, and Particularly to Senate Bill 1807, Introduced by Senator Frelinghuysen, are Fundamental*; *Transportation, the Problem of Soft Coal*; *The 1920 Soft Coal Shortage*.

The First National Bank of Boston is publishing a series of economic maps of the principal countries of the world under the general title *Markets of the World*. The first series of maps was issued in 1920; to this have been more recently added the United States and Canada series. The maps contain data showing population and are accompanied by text containing a considerable amount of statistical data relating to the several countries and states. This series is made up in loose-leaf form. The maps are clear and information is very conveniently arranged.

From the Bureau of Business Research (Professor Horace Secrist, Director) of Northwestern University School of Commerce have been received the following studies:

Wholesale Price Movements of Paper in Chicago, January 1, 1913 to June 30, 1922, by James Grantham (pp. 6).

Stock Turnover in Retail Clothing Stores, by Professor Secrist (pp. 10).

Amounts Sold per Full-time Salesman in Retail Clothing Stores, by Professor Secrist and Blanche L. Altman (pp. 14).

The Control of Expenses and Profits in the Retail Merchandising of Clothing, by Professor Secrist (pp. 14). (Chicago, price 50 cents each.)

Corporations

THE REPORT OF THE JOINT COMMISSION OF AGRICULTURAL INQUIRY ON TRANSPORTATION. The Joint Commission was created by a resolution adopted by the United States Senate on May 31, 1921, and by the House of Representatives on June 7, 1921, for the purpose of investigating the causes for the agricultural depression. The Committee divided its inquiry

into four major subjects—the condition of agriculture, credit, transportation, and marketing and distribution. The volume before us on *Transportation* (Part III of Report of Joint Commission of Agricultural Inquiry, 67 Cong., 1 Sess., Rep. 408, part 3, Washington, Gov. Prtg. Office, 1922, pp. 686) results from an exhaustive investigation. It is stated that the collection and assembling of the data in this report represents the combined efforts of over 1,600 people and the circulation of more than 250,000 questionnaires. The scope of the report may be seen from the following chapter headings: I. Economic Relationship of Agriculture, Industry, and Transportation; II. Transportation by Steam Railroads; III. Railroad Management and Organization; IV. Railway Finance; V. Railroad Express Companies; VI. Parcel Post; VII. Electric Railways; VIII. Highway Transportation; IX. Transportation by Water; X. Federal and State Regulation of Transportation; XI. Foreign Railway System; and XII. History of Railway Transportation. An attempt was thus made to review the transportation system of the United States as a whole. The Commission was to report in ninety days, but the time was subsequently extended to April 15, 1922.

Viewed as an investigation, the chief contribution lies in chapter 1, which contains a collection of data showing the transportation charges in relation to the market prices of a selected list of commodities. The report first makes an estimate of the relation between freight revenue and the value of all commodities transported. The total value at point of origin of the commodities carried in 1914 is estimated on the basis of census reports at \$33,298,000,000, the freight charges for 1914 being about 6.05 per cent of this amount. The application of tonnage and revenue figures from railroad reports to values found from census reports of commodities produced, with an estimated allowance for goods consumed locally, is open to serious question. It may be noted that in a letter to the chairman of the House Committee on Interstate and Foreign Commerce (Hearings on H. R. 4378, 1919, vol. 2, p. 2426) Mr. J. Kruttschnitt submitted an estimate by a different process of the value of goods transported in 1914 by freight of \$1,482,000,000, of which sum the freight revenue was 3.6 per cent. These two estimates are difficult to check because of the large amount of miscellaneous tonnage to which no value per ton can be correctly assigned.

However, the chief discussion is in regard to the charges and value of special commodities. An analysis is given of 9,476 cars of fresh fruits and vegetables handled in eastern cities between September, 1920, and July, 1921. The average haul was 1,400 miles. Of the wholesale selling price at destination the shipper received 60 per cent, transportation charges amount to 32 per cent, and taxes, handling, and profits of distribution, constituted the remaining 8 per cent. The percentage absorbed by trans-

portation varied widely for various classes of fruits and vegetables, the percentage for barreled apples being shown as 11.65 and for Texas cabbage as 79.23 per cent. Information regarding prices and freight rates is also given for the following articles: grain, cotton, livestock, wool, butter, cheese, condensed milk, poultry, eggs, fertilizer, agricultural implements, ore, iron and steel, coal, lumber, shingles, paper, petroleum products, cement, hollow tile, boots, shoes, dry goods, and cotton piece goods.

What conclusions are to be drawn from such facts regarding freight rates and market prices? It is shown that on Texas cabbage the freight rate to Chicago is much greater than the price received by the farmer while "the amount of freight in the average purchase of dry goods is so small that it is difficult to show it." It further appears that tremendous fluctuations in the percentage take place within a year owing to fluctuations in market prices. The Joint Committee of Agricultural Inquiry draws the general conclusion that "greater consideration should be given in the future by public rate-making authorities and by railroads in the making of transportation rates to the relative value of commodities and existing and prospective economic conditions."

This recommendation is not very definite. What is implied by "greater consideration"? Some consideration has always been given to the relative value of commodities. If it means anything it must mean that rate makers should follow the market fluctuations in the prices of coal, wheat, and other commodities, and make rate adjustments accordingly. In fact, in another place (p. 404) the report recommends that the Commission keep up currently statistics showing the relation of prices of commodities and freight rates. Such a recommendation as to the basis of rate making may well be challenged. There is no evidence in the report that the probable consequences of such a policy were analyzed. It is surprising that in a volume which was made to include so many chapters remotely related to the condition of agriculture, none was included on the theory of transportation. Such a chapter might have indicated that transportation is a productive industry requiring labor and capital. Transportation produces a part of the value of the Texas cabbage sold in Chicago just as truly as does agriculture. Freight charges are not exactions to be remitted when the shippers feel they cannot pay them. They are the prices for services. That price should be reasonable at all times. Reasonable rates are such that in the aggregate they leave a net return sufficient to attract capital, and such that each class of commodities carried contributes to the necessary aggregate revenues in proportion to the expense occasioned, so far as this can be apportioned, the unapportionable outgo being distributed in accordance with the normal value of the commodities. To attempt to follow temporary fluctuations in market values would introduce instability and confusion into the rate structure and would retard business enterprise

more than it would help it. As the Interstate Commerce Commission said in a recent opinion: "The needs of commerce cannot be met if rates are to fluctuate with market prices of commodities" (*Reduced Rates*, 1922, 68 I. C. C. 676, 734.)

It is impossible, in this review, to take up all of the conclusions. The introductory summary lists 31 recommendations and 17 findings. But there are numerous other recommendations or findings scattered throughout the volume which are not included in the summary.

Chapter 2 is a review of data relating to the property investment, traffic, car and terminal facilities, and expenditures of steam roads. There is an illuminating discussion of the car service problem with the recommendation that a comprehensive system for the control of freight car equipment be adopted. The general conclusion is reached that with the exception of terminal facilities and the supply of freight car equipment, the present facilities of the steam roads will, with increased operating efficiency, meet the present needs for transportation.

Chapter 3, which covers only three pages, was evidently intended to take up the question of operating efficiency. It is stated that it was impossible for the Commission "to make such an examination and analysis of the operation of each individual railroad as would permit arriving at conclusions or making suggestions with respect to the efficiency of each individual line." Chapter 4 is a review of the elements of railroad finance. It states that the Transportation act as a whole is "a most valuable piece of constructive legislation and gives promise of working out to the great benefit of the country."

Chapters 5 to 9 inclusive are convenient collections of data on the subjects named but do not call for special comment. Chapter 10 gives a succinct review of the laws relating to federal regulation and describes the organization of the Interstate Commerce Commission. The report expresses the view that regional offices of the Commission should be established as contributing to the convenience of shippers, to a better coordination of interstate and intrastate rates, and to a more thorough understanding of the relationship between rates and local conditions. It is not clear just what is recommended. Does a "regional office" mean merely a branch office, or a regional commission? A fuller discussion of this matter will be found in the testimony of Mr. E. E. Clark, then chairman of the Interstate Commerce Commission, in Hearings before the Committee on Interstate and Foreign Commerce on H. R. 4378 (vol. III, pp. 2894-2896), in 1919. There is also a recommendation that an agency be created in the Interstate Commerce Commission to secure and correlate statistical and other information with reference to the related activities—transportation, trade, industry, and commerce. It is not made clear what is meant by correlation of the information. The reprint of statistics now published by other branches of the government

might be vetoed by those who are trying to cut down government expenses.

The chapter also recommends a central control of freight car supply and increased efficiency in the operation of freight terminals. It further recommends or finds that railroad consolidation should not be compulsory, that transcontinental rates may be lower to Pacific coast terminals than to intermediate points, that a "continued arbitration body" multiplies rather than minimizes labor disputes, that the respective authorities of the Interstate Commerce Commission and Shipping Board should be reconciled by Congress, that present full crew laws need modification, that the trends incident to motor transportation should be studied, that the War Department be directed to report on proposed waterway improvements before they are adopted, that regulation of rates on coastwise traffic is not feasible or necessary at present, that the American merchant marine cannot be maintained on a proper basis without some sort of government aid, and that Panama Canal tolls should be based upon the cost of operation and the value of the service rendered. With such a variety of topics considered, a thorough discussion is not to be looked for. It is useful, however, to have a mere catalogue of present-day transportation problems.

Chapter 11 shows that transportation throughout the world has been affected by conditions created by the World War. The report ventures the opinion that state-owned railroads have not recovered from the effects of the war or met the economic dislocations with greater effectiveness than those privately owned and operated. The facts cited do not indicate just what effect public ownership and private ownership respectively had in the recovery from war dislocations. Certainly private railroads received government aid during and after the war. For much of the material in the historical sketch of transportation, acknowledgment of indebtedness is made to *When Railroads Were New* by Charles Frederick Carter, and Henry V. Poor's *Sketch of the Rise and Progress of Internal Improvements*.

The volume as a whole, with its variety of data and well-conceived charts, is a useful compilation for students on transportation. Teachers might well use it as a supplementary text in a course on transportation.

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The Library of the Bureau of Railway Economics has issued in mimeographed form an elaborate list of references to literature relating to the Union Pacific System (Aug. 15, 1922, pp. 298). The list of authors referred to numbers over 600. The titles are arranged, first, by the name of the railroads, and, second, under each road in chronological order. An attempt is made to indicate the libraries where the books and articles included in the list may be consulted.

The following reports relating to corporations and public utilities have been received:

Corporation Laws of State of Connecticut, Revised November 1, 1921 (Hartford, 1921, pp. 108).

Thirteenth Annual Report of the Public Service Commission for the First District of the State of New York, for the Year Ended December 31, 1919. Vol 1, *Report and Appendix* (Albany, pp. 358).

Forty-third Annual Report of the Railroad Commission of South Carolina, 1921 (Columbia, 1922, pp. 242).

General Corporation Laws of West Virginia, 1921 (Charleston, pp. 131).

The Public Service Commission, State of West Virginia, Seventh—Eighth Annual Reports (Charleston, pp. 946).

The Bell Telephone Securities Company has prepared a pamphlet on *Bell Telephone Securities* (New York, May 1, 1922, pp. 51). This contains reference tables and descriptions for the use of brokers and investment houses with an introductory statement of the organization and financing of the American Telephone and Telegraph Company and associated companies.

Labor

The federal Bureau of Labor Statistics has issued:

- No. 296, *Wholesale Prices, 1890 to 1920* (Washington, June, 1922, pp. 247).
- No. 298, *Causes and Prevention of Accidents in the Iron and Steel Industry, 1910-1919*, by Lucian W. Chaney (June, 1922, pp. 398). Contains many interesting charts showing fluctuations during the period under consideration.
- No. 300, *Retail Prices, 1913 to December, 1920* (May, 1922, pp. 217).
- No. 304, *Proceedings of the Eighth Annual Meeting of the International Association of Industrial Accident Boards and Commissions, held at Chicago, September, 1921* (Aug., 1922, pp. 254).
- No. 305, *Wages and Hours of Labor in the Iron and Steel Industry: 1907 to 1920* (July, 1922, pp. 201).
- No. 316, *Hours and Earnings in Anthracite and Bituminous Coal Mining* (July, 1922, pp. 63). The data for anthracite are for date January, 1922; and for bituminous, the winter of 1921-1922.

The National Personnel Association (20 Vesey Street, New York) announces that it has for sale a series of publications formerly issued by the National Association of Corporation Training, which hitherto has not been available for purchase. In the "Confidential Report Service" are to be noted: No. 1, *An Initial Survey of the Problem of Labor Turnover* (price, 50c); No. 2, *An Initial Survey of the Present Status of Business Correspondence* (50c); No. 3, *A Survey of Some of the Industrial-Educational Problems of Reconstruction* (25c); No. 4, *A Preliminary Survey of the Problem of Representation in Industry* (\$2); No. 5, *Bonus Plans and Other Schemes for Insuring Satisfactory Punctuality and Attendance Records* (\$3); No. 6, *Methods of Transfer and Promotion in Business Organ-*

izations (\$1); No. 7, *Employee Stock-Ownership Plans* (\$5). In the "Special Report Service": No. 1, *Trade Apprenticeship Schools* (\$1); No. 2, *Office Work Schools* (\$1); No. 3, *Methods of Industrial Education* (50c); No. 4, *Hygiene and Sanitation for the Worker* (\$1); No. 5, *A Survey of the Housing Problem* (50c); No. 6, *Employee Insurance* (\$2.50); No. 7, *Business Suggestions from Employees* (\$4.50). This Association has also recently issued Special Reports No. 1, *Pensions for Industrial and Commercial Employees* (Aug., 1922, pp. 22), and No. 2, *Disseminating Information among Employees* (Aug., 1922, pp. 8).

The *Decisions of the United States Railroad Labor Board with Addenda and Interpretations, 1921*, have been collected and printed in a single volume (Chicago, 1922, pp. 1007). The volume contains a cumulative index-digest.

The American Smelting and Refining Company has issued for information of stockholders several pamphlets dealing with "Improved Industrial Relations." Among the topics considered are *Accident Prevention*, *Pensions and Welfare*, and *Raising Output and Reducing Costs*.

The following public documents relating to labor questions have been received:

Labor Laws of the State of California, 1921 (Sacramento, 1922, pp. 292).

Second Annual Report of the Court of Industrial Relations of the State of Kansas, 1921 (Topeka, 1922, pp. 107).

Thirtieth Annual Report of the Maryland State Board of Labor and Statistics, 1921 (Baltimore, pp. 383).

New York State Labor Law, with Amendments, Additions and Annotations to August 1, 1922 (Albany, 1922, pp. 143).

New York State Miscellaneous Labor Laws, with Amendments, Additions and Annotations to August 1, 1922 (Albany, 1922, pp. 165).

Money, Prices, Credit, and Banking

THE PRESENT BRANCH BANKING CONTROVERSY. Branch banking is a phase of American banking which has at various times in the history of the United States assumed considerable importance. During the past decade branch banks or branch offices have been opened by state banks in various states. The competition thus introduced not only between state banks but of the state banks with the national banks has been very keen. Under our national banking laws and the rulings of the Comptroller of the Currency, it has been generally held that national banks were prohibited from establishing branches.

In those few instances where national banks have branches, they have been established under special rulings or under authority of an act of Congress which permits a national bank to purchase a state bank and operate such branches as the state institution may already have established.

The question is now one of very active discussion among American bankers, and at the recent annual meeting of the American Bankers Association

resolutions were passed condemning the policy of branch banking either by state or by national banks. The resolution stated: "We regard branch banking or the establishment of additional offices by banks as detrimental to the best interests of the people of the United States. Branch banking is contrary to public policy, violates the basic principles of our government, and concentrates the credit of the nation and the power of money in the hands of a few."

In addition to the legalized branches of both state and national banks now existing, there have developed in certain sections of the country chains of banks; although not openly a system of branch banks, they actually constitute to all intents and purposes a branch banking system. Such chain bank systems exist in many parts of the middle west where the opposition to branch banking is particularly strong. Banking of this type has all the appearance of independent banking, but actually, through a community of interest or common ownership, it constitutes a variety of branch banking which from many points of view is the least desirable of all branch banking systems because of the hidden responsibility of such ostensibly independent banks.

There is great diversity in the banking laws of the various states and much of the present agitation arose from the fear on the part of state banks, especially in the western states, that national banks as well as large state banks in time would open branches in various parts of the state. Such banks feared the competition of the national banks and, on the other hand, national banks in many states have been confronted with the competition introduced in many cities and in a few states by the branches of state banks.

Because this subject is comparatively new to most American bankers there exists considerable misinformation on the subject. Prejudice, sentiment, and imagined evil have dominated much of the discussion that has centered around this question. To some people branch banking has meant a system of banking such as that which exists in many of the European countries and Canada. The extreme types of the system rather than possible modifications to meet the existing needs of American business have been pictured by those opposing the idea. A study of the situation in the light of the actual facts that have developed from this controversy shows that those favoring the branch banking idea in this country have had in mind an entirely different conception from that system which is in vogue in many foreign countries. A careful analysis of the motive behind the present movement on the part of national banks to obtain the branch privilege shows that it is not a movement for a state or nation-wide system, but for the right to establish additional offices in the local community of the parent institutions. Such a branch banking system is an entirely different thing, both in its fundamental theory and in its practical operation, from the branch banking systems of Europe or the chain banking system that already exists.

A Survey of State Banking Laws with Reference to Branch Banking

The following study of the banking laws of the various states in the union with respect to branch banking shows what a wide diversity exists not only as to the laws but as to policy. In a general way, the states can be grouped as follows with regard to the question of branch banking.

Group I. States permitting branch banking.

- (a) Branches permitted in cities where main office is located: New York, Maine, Michigan, and Ohio.
- (b) States permitting state-wide branch banking: Massachusetts, Oregon (conditional), North Carolina, Delaware, Rhode Island, Pennsylvania, Louisiana, Tennessee, Mississippi, Arizona, California, Georgia, Virginia (\$25,000 capital or more), South Carolina, Wyoming (by implication).

Group II. States prohibiting branch banking, but having some branches that were established either before the law prohibiting them was passed, or by special legislation: Washington, Wisconsin, New Jersey, Florida, Alabama, Indiana, Arkansas, Maryland (no special statute permitting branches).

Group III. States absolutely prohibiting branch banking and in which no banks have branches: Kentucky, New Hampshire, North Dakota, Idaho, Montana, Illinois, Colorado, New Mexico, Vermont, Minnesota, West Virginia, Nebraska, Iowa, Kansas, Texas, Connecticut, Oklahoma, South Dakota, Utah, Nevada, and Missouri.

Or, to present the same story from another point of view, the states might be grouped as follows:

1. *Seventeen states which permit branch banking:* Arizona, California, Delaware, Georgia, Louisiana (banks, savings banks and trust companies having paid-in capital and surplus of one million dollars or over), Maine (permitted as to trust companies), Massachusetts (permitted as to trust companies), Mississippi, New York, North Carolina, Ohio, Pennsylvania, Rhode Island (permitted as to trust companies), South Carolina, Tennessee, Virginia, Wyoming.
2. *Seventeen states which have no specific provision:* Arkansas¹, District of Columbia, Florida¹, Illinois, Iowa, Kansas, Kentucky², Maryland¹, Michigan¹, Minnesota, Montana¹, Nebraska, Nevada, New Jersey (prohibited as to trust companies—no provision as to banks), Oklahoma, Vermont, West Virginia.
3. *Fifteen states which prohibit branch banking:* Alabama, Colorado, Connecticut, Idaho, Indiana, Missouri, New Hampshire, New Mexico, North Dakota (by implication), Oregon, South Dakota (by implication), Texas, Utah, Washington, Wisconsin.

On the basis of the foregoing survey, it is patent that we do not have in the United States anything like a uniform policy with respect to branch banking. The contention of some of the opponents of this branch banking idea, that such a system is un-American, is obviously beside the point. We

¹Have some branch banks in state, established under special circumstances.

²Banking commissioner has given Liberty Insurance Bank of Louisville right to open offices, to receive deposits, etc., when national banks in Kentucky inaugurate such a policy.

have national banks with branches and national banks without branches, depending in part upon the particular legislation of the state and congress, as well as the peculiar business development of the community. Likewise we have some state banks with branches and some without, depending again upon particular state legislation and commercial conditions. Obviously there exists no basis for the assertion that the proposal to establish branch banks is a departure from a long-established system of banking. The American banking system is very complex and diverse. In this it is not different from other branches of business. Banking, like business in general, must be responsive to change in industrial conditions. No single business enterprise has ever yet assumed a fixed form and continued unchanged for any considerable period of time. "Abandoning the faith and practice of the Fathers" has always been an appeal to the emotions and has been brought forth usually either when facts were not available or when there was an unwillingness to recognize them. Any one at all familiar with banking history in the United States knows quite well that it has never been characterized by uniformity. We have experimented, as is the practice of all new countries, with many kinds of banking systems, as well as with various types of business organization. If we are to progress in the future as we have in the past, it is safe to assert that we are not through with this experimentation. A static condition of an individual, a business, or a nation always argues that a period of growth and progress has come to a close.

Objections to an Extension of Branch Banking

Opposition to the branch banking idea has been very vigorous in certain quarters. Chief among the objections that have been raised has been the fear that a branch banking system will lead ultimately to too great a centralization of banking funds. The old fear of playing into the hands of a "money power" has again arisen. It is rather interesting in this connection to point out some of the fallacies connected with this contention. To the so-called money power there has always been ascribed the power to control the interest rate. The extent to which the price of capital is determined by the interplay of many economic forces and not by the whims of any group or clique has often been shown in the past and is well illustrated by existing conditions, yet the old fallacious ideas still persist. Unfortunately, the mobility and true character of wealth is not as well understood as it should be. Many people apparently are not aware of the fact that wealth must, at all times, be productively employed if it is to be of any lasting benefit to those who temporarily control it. Goods can be profitably produced only when they meet the needs of society. The value of the capital fund existing in a country is determined by the demands of society and not by the will of those who control the capital. The idea that capital

funds can be manipulated in such a way as to create artificially a shortage or abundance to the benefit of a particular class, is entirely erroneous. The very permanence of the capital fund is dependent upon its continued productive utilization. There exists no middle ground. In the light of these facts, raising a hue and cry over the possibility of creating a money power through a branch banking system illustrates the fallacy of some of these popular notions. As a matter of fact, a branch banking system would be more likely to benefit the masses and reduce the advantage of the wealthy rather than to injure them, since the more easily capital can flow from one part of the country to another and from one part of a community to another in response to opportunities for its productive uses, the greater the benefit, in all probability, that would accrue to the community. This would produce a uniform interest rate based upon the total capital fund in relation to the total demand. It is the barriers that are set up to the free flow of capital from one community to another that act as a handicap to production and paralyze industry, and create abnormal profits for capital. Money monopoly is possible only in restricted areas; it is impossible if all the available funds of the country are available equally in all parts of the country.

Underlying Factors Creating Present Demand for Branch Banks

As was earlier pointed out, the present demand for the right to establish branch banks has come from the large cities. Our federal reserve system, through a system of interdistrict borrowing, has created a mobility in our banking facilities that admirably meets the needs of the country. This federally controlled branch banking system has eliminated the old obstacles to the free flow of funds from one part of the country to another, and the present demand for branch banking has, as a consequence, not come from any desire to establish state-wide or country-wide branch banking. It has come about rather as a result of community needs within certain restricted commercial areas, especially in the rapidly growing metropolitan areas.

With the quick growth of our cities to the point where they now cover a vast area, the banking problem has become difficult, not only for the banker but for the business man as well. Business establishments that were originally in the older industrial centers have been compelled to move to other districts in order that their growth be not restricted. As a consequence the distances between them and their banking connections have increased to a point where their old banking connection is, in many cases, inconvenient. This shifting of the industrial centers in our large cities has created a new banking problem, which, unless relief is granted, will find financial institutions penalized by arbitrary legal restrictions.

There exists no good reason for preventing a financial institution from expanding to meet the needs of its customers as a result of sound industrial progress any more than for legally restricting the growth of an industrial

establishment or its efforts to meet the industrial needs of the nation. Fifty years ago the industrial centers in our large cities were confined usually to a single area, making it entirely feasible and possible for an urban bank to supply the needs of industry from a single location. Conditions have now changed and efforts are being made to meet the new situation. There is nothing monopolistic or reprehensible in this desire to be in a position to give adequate service to their old customers who have been forced to move to other parts of the city. These are the important and underlying factors that have been active in making city banks seek to obtain permission that will enable their institutions to render service capable of meeting the needs of industry in their local community.

It is sometimes argued that under a system of branch banking, money is taken out of the community and not reinvested there. Such an argument is fallacious, on the grounds of both practice and theory. It is a relic of medieval thinking when social and business life centered around small restricted neighborhoods and each community was always on guard lest something might be taken from it and enrich or benefit some other isolated social and business group. If money exists in a community, the presence of branch banks and other savings institutions, through their continual appeal to save, increases the amounts which are saved by the people in the community and which are always available to them; in the absence of such banks and savings institutions these savings would usually be dissipated. One of the chief purposes and justifications of branch banks in urban communities is the urge and impetus they give to saving. In other words, the savings bank feature of branch banking is almost always more important than the purely commercial banking feature. So far as the neighborhood's money not being reinvested in the community is concerned, it should be pointed out that both the branch banks and other loaning institutions are always on the lookout for good investments. The particular neighborhood having a branch bank, like any other neighborhood, enjoys that command of funds from the branch bank and other investing institutions which its credit and opportunities warrant.

As a matter of fact the funds now gathered into neighborhood or country banks are not, as a whole, reinvested in the particular community from which the funds are secured. Such neighborhood and country banks not only keep a considerable amount of their funds with their city correspondents, but also buy bonds of business corporations and commercial paper of concerns far distant. It is idle, therefore, to argue that a neighborhood or a country bank immediately turns back to the people of the community all the surplus funds which are available for investment. These banks, like any other banks, are seeking the very best possible investment for their funds. Nor is there in a system of branch banks any less intimate and frequent contact between the people of the community and the bank.

The success of the branch depends upon the ability of the manager of his force to render service to the people of the neighborhood, and there is every reason for the employees of the branch bank to render the most efficient and courteous service to all the actual and potential patrons of the bank, as well as to take an interest in the business and life of the people of the neighborhood.

The management of the branch banks as compared with individual banks is not one about which dogmatism is warranted. However, it is generally admitted that the large city banks which would be interested in establishing city branches or which have done so have built up a very efficient personnel and have installed the best system and organization in their business.

W. F. GEPHART.

First National Bank in St. Louis.

Compilations have been made of state banking laws as follows: *Banking Laws of Arizona Enacted during the First Special Session of the Fifth Legislature* (Phoenix, Superintendent of Banks, pp. 53); *Combined Banking Laws of the State of Alabama* (Montgomery, Jan., 1922, pp. 45); *State Banking Laws of West Virginia, 1921* (Charleston, State Banking Commissioner, pp. 167).

The following state documents relating to banking have been received: *Statement Showing Total Resources and Liabilities of Illinois State Banks at the Close of Business, June 30, 1922* (Springfield, pp. 743).

Ninth Annual Report of the Banking Commissioner of Kentucky, 1920-1921, (Frankfort, pp. 160).

Sixty-fifth Annual Report of the Bank Commission of Maine, 1921-1922 (Augusta, 1922, pp. 32).

Twelfth Annual Report of the Bank Commissioner of the State of Maryland, Showing the Condition of State Banks, Trust Companies and Savings Institutions (Baltimore, 1922, pp. 153).

Annual Report of the Commissioner of Banking and Insurance of New Jersey Relative to Savings Banks, Trust Companies and State Banks of Discount and Deposit, 1921 (Trenton, 1922, pp. 49).

Annual Report of the Superintendent of Banks of New York State Relative to Savings and Loan Associations, Land Bank of the State of New York and Credit Unions for 1920 (Albany, 1921, pp. 478).

Fifteenth Annual Report of the Bank Commissioner Showing the Condition of State Banking Institutions as of June 30, 1922 (Providence, 1922, pp. 236).

The Savings Bank Division of the American Bankers Association (New York) has reprinted *The Savings Bank Business*, by L. D. Woodworth, originally published in the *Savings Bank Journal* (New York), November, 1922 (pp. 8); and *New Records in School Savings Banking, Including Third Annual Report on Systems Throughout the United States with Honor Roll for 1921-1922* (pp. 11).

The Federal Reserve Board has issued a pamphlet, *Questionnaire on Exercise of Trust Powers by National Banks* (Washington, 1922, pp. 23). This sums up the replies of 890 banks which had established trust companies, to questions relating to the process of advertising for trust business, and success in the operation of a trust department.

The Treasury Department has changed the form of the monthly *Circulation Statement*, beginning with July 1, 1922, in order to show more accurately the distribution of the stock of money in the United States. "In the new form of statement only money outside of the Treasury and the Federal reserve banks is included in circulation. In previous circulation statements, money held by the Federal reserve banks (other than money held by or for Federal reserve agents, and Federal reserve notes held by the issuing banks in their own vaults) was included in the amount in circulation. Under that method of computing money in circulation transfers of gold between a Federal reserve agent resulted in an apparent change in the amount of money in circulation, and there are instances where the Circulation Statement owing to such transfers showed a decline in money in circulation when, as a matter of fact, there had been an actual increase, and an increase when in fact there had been a decrease. The new form shows a per capita circulation on July 1, 1922, of \$39.87, whereas under the form of statement heretofore used it would have been \$49.17."

The Federal Farm Loan Board has prepared the *Farm Loan Program* (Washington, June, 1922, Circular no. 5, pp. 13), where will be found "in brief form, answers to the questions most frequently asked of the act."

The Service Department of the First National Bank in St. Louis (with which Professor W. F. Gephart is associated as vice-president) in a pamphlet, *Recent Developments in Commercial Banking Policy* (St. Louis, September, 1922, pp. 8), has made an interesting study of the growth of bank investments and securities during the past two years as compared with holdings of commercial paper. According to this analysis, while prices have declined 40 per cent since May, 1920, and the fiscal volume of goods produced and manufactured has declined about 10 per cent, banking resources declined only about 5 per cent. This has produced a situation whereby banks have a surplus of loanable funds. "With the lower price level and the small volume of goods, industry has not required the same relative amount of working capital in proportion to present banking facilities." As a result, the banks have placed more of their funds in long-time investments. Between 1911 and 1913, state banks had on an average from 13 to 16 cents in such investments for every dollar in loans and discounts. On March 14, 1922, they had 67.1 cents in these long-time investments for each dollar in loans and discounts. For all banks, including national, the increase was from 37.1 to 53.4 cents. The recent change in New York City is even more striking. From February, 1921, taking into account only the commercial loans, the New York banks had on an average about 31.2 cents in investments for every dollar in commercial loans and discounts. On a basis of total loan and discount items, including stockbrokers'

loans, they had about 28 cents in investments for each dollar of loans and discounts. In August of this year these respective ratios had increased to 80 cents and 45 cents.

Public Finance

The report of the Director of the Bureau of the Budget on the subject of *Economies and Savings in Governmental Business* has appeared under date of May 8, 1922 (Washington, pp. 93).

The United States Internal Revenue Bureau has issued the 1922 edition of Regulations 62, relating to the *Income Tax and War Profits and Excess Profits Tax under the Revenue Act of 1921* (Washington, 1922, pp. 420).

Students of current federal finance should note that the *Internal Revenue Bulletin* supersedes the *Income Tax* and *Sales Tax* bulletins previously published by the Bureau of Internal Revenue. This series consists of weekly bulletins of income, sales, capital-stock, estate, child-labor, and miscellaneous tax rulings. Bi-monthly digests are printed under separate cover and cumulate during the year. Subscription for this service is \$2 per annum and should be made at the office of the Superintendent of Documents, Government Printing Office, Washington, D. C.

The Department of Finance of the government of the Philippine Islands has issued the *Annual Report of the Insular Collector of Customs for the Fiscal Year Ended December 31, 1921* (Manila, 1922, pp. 320).

There has also been received the *Report of the Dominican Customs Receivership under the American-Dominican Convention of 1907, for 1921* (Washington, 1922, pp. 103).

The Pennsylvania State Chamber of Commerce (Harrisburg) has made a study of *State Budget Systems*. This includes a budget plan for Pennsylvania and a description of Pennsylvania's appropriation methods as well as budget systems in different states. It is noted that there are four types of state budgets; the executive budget, administrative budget systems, administrative-legislative budget systems, and the legislative budget system. Concise information is given as to the practice in different states (pp. 120).

The following tax reports and documents have been received:

Inheritance Tax Act of California, 1921 (State Controller, Sacramento, 1922, pp. 175).

Proceedings of the Fifth and Sixth Annual Conferences of the Inheritance Tax Appraisers of California (Sacramento, 1922, pp. 140).

Revenue Law of Assessment and Taxation of Iowa, July 4, 1921 (Auditor of State, Des Moines, pp. 104).

Revised Instructions to be Observed in the Assessment and Equalization of Property in Kansas, Revised December, 1921 (Topeka, 1922, pp. 111).

Fourth Annual Report of the Kentucky State Tax Commission, 1921 (Frankfort, pp. 81).

Fifth Annual Report of the Louisiana Tax Commission, 1921 (Baton Rouge, pp. 293).

Fourth Biennial Report of the Maryland Tax Commission, 1921 (Baltimore, 1922, pp. 88).

Annual Report of the Commissioner of Corporations and Taxation of Massachusetts, 1921 (Boston, pp. 250).

Fourteenth Annual Report on the Statistics of Municipal Finances for City and Town Fiscal Years Ending between November 30, 1919, and March 31, 1920 (Commissioner of Corporations and Taxation, Boston, 1921, pp. 307).

Second Biennial Report of the Missouri State Tax Commission, 1919-1920 (Jefferson City, pp. 68).

Eleventh Annual Report of the New Hampshire State Tax Commission, 1921 (Concord, pp. 195).

Sirth Annual Report of the New Jersey State Board of Taxes and Assessment, for the Year Ending June 30, 1921 (Trenton, pp. 334). There has also been received a supplement to this report, entitled *Second Class Railroad Property* (Somerville, N. J., Unionist-Gazette Assoc. State Printers, pp. 482).

Report of the Commissioners of Taxes and Assessments for the City of New York for the Year Ending March 31, 1922 (New York, pp. 59).

Twelfth Annual Report of the Tax Commission of Ohio, 1921 (Columbus, 1922, pp. 233).

Seventh Annual Report of the South Carolina Tax Commission, 1921 (Columbia, 1922, pp. 124).

State of South Dakota Tax Laws and Court Decisions (Pierre, pp. 213). Includes 1921 session laws.

Annual Report of the South Dakota Tax Commission, 1921 (Pierre, pp. 111).

Reports and Communications of the Finance Commission of the City of Boston, Volume XVII (Boston, 1922, pp. 218).

A Report to the Board of Commissioners of the City of St. Petersburg, Florida, Covering the Financial Conditions and Audit of Accounts for the Year Ending June 30, 1922, made by Harvey S. Chase & Company, Certified Public Accountants, contains a brief discussion of serial bonds and a sinking fund.

Insurance and Workmen's Compensation

The Employees' Compensation Commission, in the series of Service Monographs of the United States Government, no. 12, published by Appleton and Company for the Institute for Government Research, gives a history of federal compensation legislation, and an account of the organization and activities of the Commission.

A Criticism of Bureaucratic Propaganda for State Insurance, by P. Tecumseh Sherman (pp. 32) criticizes the article published in the *Monthly Labor Review* for December, 1920, entitled "Comparison of compensation insurance systems as to cost, service, and security," by Carl Hookstadt.

Mr. Hookstadt's data and conclusions are discussed in detail with references to contradictory authorities.

The following reports have been received:

New York State Workmen's Compensation Law with Amendments, Additions and Annotations to August 1, 1922 (Industrial Commissioner, Albany, pp. 112).

Fifth Report of the Oregon State Industrial Accident Commission for the Year Ending June 30, 1920 (Salem, 1922, pp. 16).

Sixth Report of the Workmen's Compensation Department of Wyoming, for 1921 (Laramie, 1922, pp. 152).

Report for 1921 of the Workmen's Compensation Board, Nova Scotia (Halifax, 1922, pp. 33).

Demography

The sixth annual report of the Bureau of the Census on *Birth Statistics, 1920*, has appeared (Washington, 1922, pp. 257). For this issue Nebraska is added to the birth registration area; this now includes 23 states and the District of Columbia, covering an estimated population of 63,659,441, or 59.8 per cent of the total estimated population.

The University of South Carolina is issuing a series of bulletins representing an economic and social survey of different counties in the state. The material is prepared by the Department of Rural Social Science. The following issues have so far been made: *Chesterfield County* (pp. 89); *Dillon County* (pp. 84); *Sumter County* (pp. 111).

Students of statistics will find in *Baroda State: Part 1, Report*, by S. Mukerjea (Census of India, 1921, Vol. XVII, Bombay, 1922, pp. 419, 22 shillings) more than an ordinary census compilation. With the statistics there is a large amount of textual comment relating to the movement of population, the normal rate of natural increase, the volume of migration, variation in age constitution, birthplace, religion, sex, literacy, occupation, and wages. Various statistical tests are applied with their interpretations, and the material is illustrated by significant charts and diagrams.

NOTES

The annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held in Chicago, December 27-30, with headquarters at the Congress Hotel. The meeting will open with a joint session with the American Statistical Association on Wednesday afternoon, December 27, with papers on aspects of "The outlook for 1923," by Allyn A. Young, H. Parker Willis, and Alvin H. Hansen. At the evening session W. S. Rossiter, of the American Statistical Association, J. P. Lichtenberger, of the American Sociological Society, and H. R. Scager, of the American Economic Association, will deliver their presidential addresses. The morning session on Thursday, December 28, will be devoted to papers on "Economic theory," by J. Maurice Clark, Horace Secrist, and Miss Anna Bezanson. The afternoon meeting will be a joint session with the American Association for Labor Legislation, devoted to "Factors that should be considered in making wage determinations," with papers by John R. Commons, W. F. Ogburn, and George Soule. At the fifth session, on Friday morning, December 29, papers on "Farm income in the United States" will be presented by David Friday and L. C. Gray. Round Table conferences on the aims and methods of bureaus of industrial research and the aims and methods of college courses on transportation, under Horace Secrist and W. E. Butterbaugh, will be held in the early afternoon and in the late afternoon a memorial meeting to former president Simon N. Patten. The evening session of December 29 will be devoted to "Our financial relations with Latin America," led by E. W. Kemmerer. The meeting will conclude with a seventh session on the morning of Saturday, December 30, devoted to "Problems of marketing," with papers by L. D. H. Weld and B. H. Hibbard.

More detailed information in reference to topics and speakers will be given in the preliminary announcement, distributed by the Secretary of the Association. Arrangements have been made with the railway officials for reduced fares for the members attending the annual meeting, provided the required number (250) present certificates.

The following associations will also meet in Chicago at the same time: American Statistical Association; American Political Science Association; American Sociological Society; American Farm Economics Association.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since the first of August:

Anderson, T. J., State Agricultural College, Manhattan, Kansas.
Armbruster, A. H., 1233 Chapel St., New Haven, Conn.
Benner, C. L., Iowa State College, Ames, Iowa.
Bexell, J. A., Oregon Agricultural College, Corvallis, Ore.
Bjorka, K., Iowa State College, Ames, Iowa.
Boettler, H. F., 4441 Elmbank Ave., St. Louis, Mo.
Burgess, K. F., 547 W. Jackson Blvd., Chicago, Ill.
Carroll, M. R., Goucher College, Baltimore, Md.
Chambers, R., 1228 Forest Ave., Evanston, Ill.
Cherrington, H., Cornell College, Mount Vernon, Iowa.
Coombs, W., Lake Forest College, Lake Forest, Ill.
Crobaugh, C. J., 327 E. University St., Bloomington, Ind.

Dana, J. D., 42 Church St., New Haven, Conn.
 Delp, J. D., 712 Monroe St., Springfield, Mo.
 Dummeier, E. F., Washington State College, Pullman, Wash.
 Eberhard, G. H., 360 Fremont St., San Francisco, Calif.
 Eckersoll, V. H., 725 Melrose St., Chicago, Ill.
 Filipetti, G., Columbia University, New York City.
 Frame, H. C., Emory University, Ga.
 Funk, W. C., U. S. Department of Agriculture, Washington, D. C.
 Gluck, E., 2940 Broadway, New York City.
 Griffith, E. C., Kalamazoo College, Kalamazoo, Mich.
 Hall, H. F., 105 E. Daniel St., Champaign, Ill.
 Hansen, W. I., 3707 Wrightwood Ave., Chicago, Ill.
 Hope, G. A., Federal Reserve Bank, St. Louis, Mo.
 Hopkins, J. A., Iowa State College, Ames, Iowa.
 Hottenstein, M. S., 17 E. 42d St., New York City.
 Howard, J. R., 58 E. Washington St., Chicago, Ill.
 Jacobs, V., 402 Fifty-sixth St., Brooklyn, N. Y.
 Jordan, W. D., 531 Orange St., New Haven, Conn.
 Kendrick, M. S., 507 E. Buffalo St., Ithaca, N. Y.
 Kincaid, E. A., University, Va.
 Knopf, A. A., 220 West 42d St., New York City.
 Laity, H. A., 1101 S. Orchard St., Urbana, Ill.
 Latour, C. C., 1321 Franklin Ave., New York City.
 Locklin, D. P., 706 W. Nevada St., Urbana, Ill.
 Lynch, A. S., Box 283, New Haven, Conn.
 McClure, C. L., Huntington, Ind.
 Meech, S. P., University of Chicago, Chicago, Ill.
 Miller, E. J., 605½ Indiana Ave., Urbana, Ill.
 Mints, L. W., University of Chicago, Chicago, Ill.
 Nicholls, W. D., Agricultural Experiment Sta., Lexington, Ky.
 O'Leary, J. B., 57 Channing St., Worcester, Mass.
 Olson, E. E., University of Southern California, Los Angeles, Cal.
 Peck, H. W., 326 College St., Burlington, Vt.
 Robertson, H. W., 5734 W. Ohio St., Chicago, Ill.
 Shann, Professor, University of West Australia, Perth, W. Australia.
 Shaw, E. R., 1005 S. Busey Ave., Urbana, Ill.
 Sherwell, G. B., Room 405, Otis Bldg., Washington, D. C.
 Smith, J. G., 192 Nassau St., Princeton, N. J.
 Stead, W. H., 1210 Chapin St., Beloit, Wis.
 Stockwell, M. M., 706 N. Lincoln Ave., Urbana, Ill.
 Taylor, G. R., 6026 Drexel Ave., Chicago, Ill.
 Thom, H. C., 5187 Ellis Ave., Chicago, Ill.
 Uppren, A. R., University, Ala.
 Van Meter, K. K., 504 N. Matthews Ave., Urbana, Ill.
 Warburton, C. A., Ewing Christian College, Allahabad, India.
 Watkins, L. L., 720 S. State St., Ann Arbor, Mich.
 Weitz, B. O., U. S. Department of Agriculture, Washington, D. C.
 Weston, T. I., 2219 Divine St., Columbia, S. C.
 Wright, P. G., Forest Glen, Md.
 Yeh, Y. L., La Universitate Utopia, Shanghai, China.
 Young, K. A., 2904 Erdman Ave., Baltimore, Md.

Professor Simon N. Patten died July 24th, 1922, at Browns Mills, New Jersey. His death was directly due to a paralytic stroke, which came upon him a number of weeks earlier, and from which he did not recover. For a time he was slightly improved, but his age and complications incident thereto made his recovery an impossibility.

He had been Professor of Economics and head of the Economics Department in the Wharton School at the University of Pennsylvania for about thirty years, having retired from his services at the University in 1917. He was active in the foundation of the Wharton School of Commerce and Finance at that institution, and closely associated with its work and develop-

ment. Among his other lines of special interest was the work of the American Academy of Political and Social Science, in whose growth he had taken a prominent part.

Professor Patten was born at Sandwich, Illinois, on May 1, 1852, and studied at Northwestern University, and the University of Halle, Germany, receiving the degrees of A. M. and Ph. D. in 1878. He also received the degree of LL. D. from the University of Illinois in 1905. In his work he acknowledged particularly the influence of John Stuart Mill, and, like Mill, was a social philosopher, never limiting himself to the traditional economic field. By his excursions into related subjects, he frequently became involved in controversies with specialists who found it difficult to accept many of his views. At the same time these efforts brought him also into controversy with many other economists, and he was consequently a center of much discussion, and stimulated to a very high degree the thought, not only of the students directly under his guidance but of economists throughout the world. Perhaps his most important service has been that of aiding others to break away from traditional and outworn interpretations.

His writings were numerous. The most notable among them are *Premises of Political Economy*, *Dynamic Economics*, *Theory of Social Forces*, *Theory of Prosperity*, *The Development of English Thought*, *Heredity and Social Progress*, and *The New Basis of Civilization*. He also more recently published a novel entitled *Mud Hollow*. His writings all show the work of a vigorous and original mind, which was a constant stimulus to the thought and research of others.

EDM. M. P.

RECENT DEVELOPMENTS OF TEACHING THE ECONOMICS OF MARKETING. The introduction of courses of instruction in agricultural economics and particularly those phases of the subject having to do with the marketing of agricultural products has proceeded rapidly during the last year or two. Some forty-five state institutions presenting courses in agriculture are known to be offering courses in agricultural economics and allied subjects this year. In most of these courses attention is given to marketing, with particular reference to specific products of primary importance in the state concerned. Numerous courses having to do with production of various crops and classes of live stock include some study of marketing questions. It has only been within the last few years that the marketing work has been separated from general courses on production and given particular attention by special instructors.

These courses have naturally first concerned the practical phases of marketing when presented in agricultural colleges, rather than the broader economic point of view.

As the subject of agricultural economics has come to be presented in its broad relations, the courses have been changed to involve a discussion of principles of marketing which apply to all classes of products as a basis for studying the best practice to be followed in marketing a specific product; whereas, formerly, the instructor in Animal Husbandry or the instructor in Agronomy touched upon marketing as a part of the production. With live stock or crops, the consideration of general economic principles was usually

lacking. Another recent development has been the addition of courses in principles involved in marketing, by institutions not specifically concerned in agriculture, but concerned in training for general business.

The new courses range in character from short courses especially for farmers and managers of farm organizations, up to well-organized courses extending over one or two years' university work. An example of the first type of instruction is the two-day course for managers of live-stock shipping associations held in Iowa this year under the direction of an extension professor of agricultural economics. Another was a short course in grain grading offered in the School of Agriculture in the University of Minnesota, conducted by a federal grain supervisor. At the same institution a course during the winter deals with the organization and business practice problems of marketing organization. Several such short courses have been offered in the popular farmers' courses at the agricultural colleges held in the winter and in some instances such courses have been offered in summer schools. The other extreme in the scope of courses in marketing is represented by that which has been considered by one state agricultural college, leading to a degree of Bachelor of Science in Marketing.

A typical course in the marketing of farm products such as is offered in several state institutions includes the following subjects: marketing institutions, functions, routes, costs, methods of purchase and sale, problems of inspection, grading and related economic developments. Graduate students are given specific problems for special study.

The subject of coöperation is being given attention in some institutions as a separate course, but in most instances in connection with courses in economics, marketing, or farm organization and management. Although the work has been used in designated courses only recently, the methods of coöperative organizations have been considered as a part of courses on agricultural economics for several years.

A number of institutions are offering graduate courses in marketing, making specific emphasis upon assignments to graduate students to study local problems for the purpose of preparing a thesis. This graduate work in some instances is being articulated closely with the interested organizations maintained by farmers. For example, the professor of agricultural economics at the University of Wisconsin will have charge of the research scholarships in coöperative marketing of dairy products offered by the State Farm Bureau Federations in Missouri, Ohio, Iowa, and Illinois. He will be assisted by the advisory committee of the research department of the American Farm Bureau Federation. In this manner the graduate student investigations will be closely related to practical problems.

Many of these courses are the result of the demand for men with training which will fit them to become managers for marketing organizations or to go into the distributive trades; for example, the California College of Agriculture is offering a course primarily for training of men for coöperative organization work.

There has been a notable increase in the number of thesis studies made by students working for their doctor's degrees during the last few years. This has been the means of creating an interest in the economics of market-

ing among graduate students, and has also added materially to the volume of research in this field.

H. C. TAYLOR.

There has been created at Princeton University a section of the Department of Economics and Social Institutions to be known as the Industrial Relations Section. It will seek to put together a very comprehensive Library of Industrial Relations. More particularly it will collect reports, documents, periodicals, etc., dealing primarily with arrangements, both trade-union and non-trade-union, that are actually in operation, and with the aims and recommendations of organizations and persons who are themselves a party to industry. Whatever else it may come to include, this will be its main field. Inevitably the collection will consist largely of pamphlet material, in part of a fugitive sort, which it will be important to keep up to date. The section is in charge of a director, Dr. Robert F. Foerster, formerly of the Department of Social Ethics of Harvard University, who will have the rank of professor of economics, and will give some instruction, especially to graduate students. He will spend a portion of his time in the field, so as to acquire by personal contact a first-hand knowledge of the more significant developments. It is hoped that the resources of the section will be widely useful, not only to academic inquirers but to others as well, including both employer and labor interests. The creation of the section at this time was made possible through the generosity of Mr. John D. Rockefeller, Jr., who has pledged financial support for a period of years.

Dr. Heinrich Soetbeer, of Berlin, is offering for sale his private library of from 2500 to 3000 volumes, largely in the field of money and banking, collected by his father, Dr. Georg Adolf Soetbeer. Detailed information as well as a catalogue may be had by addressing Dr. Soetbeer, Lohengrinstrasse 28, Wannsee bei Berlin, Germany.

Gustav Fock, bookseller at Leipzig, Schlossgasse 7-9, has for sale the economic library of Professor Dr. K. Rathgen, of Hamburg, who recently died. The library contains about 1150 bound volumes and 2000 pamphlets. Price £850.

Amherst College announces that applications will be received for an appointment to an Amherst Memorial Fellowship for the study of social, economic, and political institutions for the term beginning September 1, 1923. The fellowship carries with it a stipend of \$2000 a year. Inquiries should be directed to Professor Walton H. Hamilton, Amherst College, Amherst, Mass.

The Institute of Economics has been founded by the Carnegie Corporation of New York "for the purpose of assembling and interpreting the economic data which form the bases of national and international policies. It is self-evident that the modern economic system has many defects, many sources of waste and friction, and that the annual avoidable economic losses are stupendous in amount. The Institute will endeavor through its investigations to ascertain the causes of these economic losses and, as far as possible, to point the way to their elimination." Among the subjects to which

the Institute will devote attention are international commercial policies, questions of domestic and international finance, relations of government to business, problems of agriculture, taxation, and transportation, and the various issues relating to industry and labor. The Institute will be located in Washington. A staff of more than a score of investigators has been engaged, among whom are to be noted Horace B. Drury, Edwin G. Nourse, Thomas Walker Page, Mark A. Smith, and Georges M. Weber. Professor Harold G. Moulton, of the University of Chicago, has been made director of the Institute.

At the twenty-eighth annual meeting of the National Municipal League, Philadelphia, November 22-24, papers were presented on our national budget. Among these are to be noted "A business man's viewpoint of the budget," by G. W. Norris, Governor of Federal Reserve Bank, Philadelphia, and "How the new budget operates," by General H. M. Lord, Director of the Budget.

The Babson Institute will undertake a health survey of the printing trades for the International Joint Conference Council, representing both employers and employees. The work will include a thorough study of printing processes in their relation to health and of printing house conditions possibly more or less detrimental to health. The investigation will be carried on in coöperation with a large number of governmental, scientific, and corporate organizations, including the United States Bureau of Labor Statistics. It will be under the immediate direction of Dr. Frederick L. Hoffman, Dean of the Advanced Department of the Babson Institute, Wellesley Hills, Mass. It is expected that two years will be needed to cover the survey.

The National Bureau for Economic Research, Inc., has just completed a study of business cycles and unemployment for the President's Conference on Unemployment. Professor Wesley C. Mitchell was in charge of the study. The greater part of the funds were contributed by the Carnegie Corporation of New York, The Russell Sage Foundation, The American Association for Labor Legislation, The Bureau of Railway Economics, The Federated American Engineering Societies, The Chamber of Commerce of the United States; and several departments of the government contributed valuable services. The results of this inquiry will shortly be published in book form by the McGraw-Hill Book Company, 370 Seventh Avenue, New York City.

The department of industrial research of the Wharton School, University of Pennsylvania, is continuing its studies of the Philadelphia industrial and labor market, made possible by contributions from the Carnegie Corporation and prominent Philadelphia firms and corporations.

The University of North Carolina Press, Chapel Hill, N. C., announces a new publication, the *Journal of Social Forces*, the first number of which appeared in November, under the editorship of Howard W. Odum (Managing Editor), E. C. Branson, Dudley D. Carroll, Jesse F. Steiner, L. R. Wilson, and Harold Meyer, assisted by a number of contributing editors

in various parts of the country. This will be published bi-monthly (price \$2.50 for five issues).

The Carnegie Institution of Washington announces the reprint by photographic process of *History of Domestic and Foreign Commerce of the United States*, by Johnson, Van Metre, Huebner, and Hanchett. In this new reprint the two volumes are issued under one cover (price, \$3; Carnegie Institution of Washington, 16th and P Sts., Washington, D. C.).

The first issue of the *Harvard Business Review*, published quarterly for the Graduate School of Business Administration, Harvard University, by A. W. Shaw Company, Chicago, appeared in October. In the list of contents are to be noted articles on: Essential groundwork for a broad executive theory, by W. B. Donham; The taxation of capital gains, by G. O. May; Bank management and the business cycle, by O. M. W. Sprague; The future of American export trade, by J. Klein; Creditors' committee receiverships, by A. S. Dewing; Bank reserves under the federal reserve system, by F. H. Curtis; The railroad consolidation plan, (1) New England, by W. J. Cunningham; The effect of hedging upon flour mill control, by R. D. Stiles; The use and limitations of psychological tests, by D. Starch; Some relations between technical and business training, by J. G. Callan; and Significance of stock-turn in retail and wholesale merchandising, by M. P. McNair. Among the "Department Contents" are summaries of business research, as, for example, "Term settlements for the New York Stock Exchange," "Bank investments," "Pig iron prices," and "Estimates versus actual cost"; case studies in business; reviews of business literature; and bibliographical notes.

In the new quarterly journal, *Foreign Affairs*, of which the first number appeared September 15, is an article by John Foster Dulles on "The allied debts." This is published by Council on Foreign Relations, Inc. (25 West 43rd St., New York City; price, \$5 a year). The editor is Professor Archibald C. Coolidge, of Harvard University.

The American Chamber of Economics, 30 Irving Place, New York City, has established a service, "Economics for Executives," which extends over one year. This service comprises a series of 24 text units edited by George E. Roberts; a series of 24 practical problems, one for each text unit; 24 letters from the educational director; and periodical digests. The fee for the foregoing service is \$72 per annum.

The *Independent Inter-Weekly for Schools*, which appears between the regular fortnightly issues of the *Independent* (140 Nassau St., New York City), is publishing "A Primer of Political Economy" by Fabian Franklin. This is designed to give in the most elementary way possible a grasp of cardinal principles.

In the November, 1922, issue of the *Journal of the National Education Association* (1201 Sixteenth St., N. W., Washington) is an article, "The teacher and the banker," by John H. Puelecher, recently elected president of the American Bankers Association. In this article reference is made to the plan of the American Bankers Association, drawn up in 1921, to give

instruction in economics and more particularly in banking to pupils in elementary schools. Last year's program consisted of ten talks. Copies of these "talks" and a book of outlines may be had upon application to the secretary of the committee upon public education, American Bankers Association, 5 Nassau St., New York City.

In *School Review* for April, 1922, is an article, "General Plan for a Course in Economics," by A. R. Mead, which discusses a half-year course for a high school in a rural community.

Announcement has been made that Professor Gras, of Minnesota, will contribute to the series of volumes edited by Professor Georg Brodnitz and entitled *Handbuch der Wirtschaftsgeschichte*.

The Pollak Foundation for Economic Research, Newton 58, Massachusetts, will publish *The Making of Index Numbers: A Study of Their Varieties, Tests, and Reliability*, by Professor Irving Fisher (price, \$7.50).

Professor James E. Boyle, of the College of Agriculture, Cornell University, is publishing a booklet showing fluctuations in wheat prices on the Chicago market for the 81-year period 1841-1921. Daily fluctuations, cash and futures, are shown for the period 1877-1921.

The Reference Shelf is the title of a new series of publications being published by the H. W. Wilson Company, which may be obtained for \$4.50 per volume of ten numbers, or at 75 cents a copy. The various numbers will be reports of debates with briefs and reprints. Volume I, no. 1, *Cancellation of the Allied Debts*, compiled by Julia E. Johnsen, is now ready. Numbers in preparation deal with The St. Lawrence River Ship Canal, Kansas Court of Industrial Relations, Enforcement of the Decisions of the Railway Labor Board, China and Japan, and Questions of the Hour.

Prentice-Hall announces a revised edition of *Principles of Business*, by Gerstenberg.

The Library of Congress has prepared *A List of Doctoral Dissertations Printed in 1920*. Those relating to social sciences are listed on pages 95-102.

Professor Herbert W. Hess, of the Wharton School, University of Pennsylvania, will publish in January a new volume on *Salesmanship*.

Professor Thomas Conway, of the Wharton School, University of Pennsylvania, is preparing a book on *Public Utility Bonds*, to be published under the auspices of the Investment Bankers Association.

Dr. W. D. Gordon and Mr. J. Lockwood, of the Wharton School, University of Pennsylvania, are now engaged in preparing a volume on *Accounting Methods and Systems*.

Dr. R. T. Bye, assistant professor of economics in the Wharton School, University of Pennsylvania, has completed a work on the *Principles of Economics*, which will be published shortly.

Announcement has been made of a revival of publication of *Bibliogra-*

phie der Sozialwissenschaften, edited by Franz Boese, and published by Hans Engelmann, Berlin W. 15, Knesbeckstr. 52.

Wirtschaftspolitische Rundschau der Preussischen Jahrbücher is the title of a new periodical which is being published to supplement *Die Preussischen Jahrbücher*, appearing ten days later in the month. This is published by Georg Stilke, Berlin N. W. 7, Dorotheenstr. 66. A combination subscription price is offered for the two together.

The first issue of the *European Commercial*, "an organ of world-wide commerce," (1 Hohenstaufengasse, Vienna) has recently appeared. This is a trade paper in English, containing commercial information gathered from European countries. The journal is promoted by Sir Ernest Benn.

A new statistical journal for Scandinavia, *Nordisk Statistisk Tidskrift* has been established. The first issue contains the following articles: "Die Variationsbreite beim Gausschen Fehlergesetz," by Bortkiewicz; "Das Gesetz der grossen Zahlen und der Stochastisch-statistische Standpunkt in der modernen Wissenschaft," by Tschuprow; and "Biologi og Statistik," by Johannsen.

The Swedish Board of Trade is publishing for the Swedish foreign Office a quarterly, *Sweden Economic Review*. This periodical is printed in English (Stockholm).

The following new books have been received since the compilation of the New Books lists, and will be reviewed in a subsequent issue:

CONANT, L., JR. *A critical analysis of industrial pension systems*. (New York: Macmillan. 1922. Pp. xi, 262.)

DAVIS, J. *The Russian immigrant*. (New York: Macmillan. 1922. Pp. xv, 219. \$1.50.)

FREY, J. P. *The labor injunction. An exposition of government by judicial conscience and its menace*. (Cincinnati, O.: Equity Publishers. 1922. Pp. ix, 197. \$2.50.)

HUEBNER, S. S. *Property insurance*. (New York: Appleton. 1922. Pp. xix, 601. \$3.)

JOSEY, C. H. *The social philosophy of instinct* (New York: Scribner's. 1922. Pp. 274. \$2.)

LOREE, L. R. *Railroad freight transportation*. (New York: Appleton. 1922. Pp. xxx, 771. \$5.)

PERLMAN, S. *A history of trade unionism in the United States*. Social Science Textbooks, edited by R. T. ELY. (New York: Macmillan. 1922. Pp. viii, 313.)

SAYRE, F. B. *Cases on labor law. A selection of cases and other authorities on labor law*. (Cambridge: Harvard Univ. Press. 1922. Pp. xvii, 1017. \$5.)

WYMAN, W. F. *Export merchandising*. (New York: McGraw-Hill. 1922. Pp. xx, 405. \$4.)

Appointments and Resignations

Mr. T. J. Anderson has been appointed instructor in economics in the Kansas State Agricultural College at Manhattan.

Mr. A. J. Barlow, acting associate professor of accounting and marketing at the University of Virginia, has been made associate professor.

Dr. Abraham Berglund, formerly of the United States Tariff Commission, has joined the staff of the James Wilson School of Economics of the University of Virginia.

Dr. Joshua Bernhardt, who has been on the staff of the Institute for Government Research since April, 1921, has resigned to join the United States Tariff Commission as expert in connection with the enlarged field of activity entrusted to that body by the Tariff act of 1922, particularly with reference to the sugar industry.

Professor E. L. Bogart, head of the department of economics at the University of Illinois, has been granted a year's leave of absence to serve as adviser on banking and currency to the Persian Empire.

Mr. Carl P. Burch has been made instructor of economics in the Oklahoma Agricultural and Mechanical College at Stillwater.

Dr. A. E. Cance, who has been with the Federal Bureau of Agricultural Economics as consulting specialist, has returned to the Massachusetts Agricultural College at Amherst.

Professor W. B. Catlin, of Bowdoin College, is on leave of absence in Boston, engaged in finishing a volume dealing with labor problems.

Professor Robert E. Chaddock has been promoted to a full professorship in the department of economics, Columbia University.

Dr. Harry T. Collings, professor of economics at the University of Pennsylvania, spent the summer of 1922 as visiting professor to Mexico. He investigated economic and business conditions there and returned in the fall by way of Central America.

Professor Lloyd M. Crossgrave, of the Carnegie Institute of Technology, has been appointed acting professor of economics at Indiana University.

Mr. Joseph E. Cummings, instructor in the School of Business at the University of Minnesota, has been made assistant professor of transportation.

Mr. Earl E. Cummins, who was last year at the New Hampshire State College, is now an instructor in economics in Princeton University.

Professor Joseph D. Delp, of the Springfield State Normal College, who spent last year doing graduate work in economics and accounting at the University of Missouri, has resumed his duties at the Normal College.

Mr. Luther E. Drury, of the University of Chicago, has been appointed instructor in economics at Indiana University.

Mr. William G. Eliot, 3rd, has been appointed instructor in economics and social science in Wesleyan University.

Mr. Charles H. Fernald has charge this year of the work in advertising, salesmanship, and merchandising in the School of Commerce of the University of North Carolina, with the rank of assistant professor.

Miss Barbara Gamwell has been appointed instructor in economics in the University of Idaho.

Mr. Paul F. Gemmill has been appointed assistant professor of economics in the Wharton School of the University of Pennsylvania.

Miss Evelyn S. Gibson has been promoted from the rank of assistant to that of instructor in economics in Vassar College.

Miss Ruth Gillette has been made instructor in economics in Vassar College.

Professor J. L. Gillin, who was on leave of absence during 1921-1922 from the University of Wisconsin to serve as educational director of the American Red Cross at Washington, D. C., has returned to the University of Wisconsin for his regular work in sociology. While with Red Cross he made a study of the courses training for social work in the United States.

Dr. Carter L. Goodrich has been appointed instructor in economics at Amherst College for the current academic year.

Dr. W. D. Gordon has been made assistant professor of accounting in the Wharton School of the University of Pennsylvania.

Mr. Harold W. Guest has been appointed instructor in economics at Lafayette College.

Professor Harry G. Guthman has resigned as assistant professor at Syracuse University to accept the position of associate professor in the School of Business Administration at the University of Texas.

Professor F. H. Hankins, recently of Clark University, has accepted a professorship of sociology at Smith College.

Mr. William B. Harrell has been appointed instructor in economics and accounting at the University of North Carolina.

Mr. H. C. Hawkins, special agent of the Department of Commerce at Washington, D. C., has been made assistant professor of commerce and foreign trade at the University of Virginia.

Miss Edith Hess has been appointed assistant professor in the department of economics and sociology at Ottawa University, Kansas.

Mr. Henry Higgs, of the London *Economist*, arrived in New York early in October, is giving a series of lectures at several universities and will return to England in December.

Professor David Himmelblau is now head of the department of accounting in the School of Commerce of Northwestern University.

Professor Asher Hobson, of Columbia University, sailed for Rome in September in the capacity of agricultural economist in the Federal Bureau of Agricultural Economics. He will study the organization and work of the International Institute of Agriculture, also the statistical and economic data on file at the Institute.

Mr. Iskander Hourwich has accepted an appointment as professor of industrial research at Antioch College, Yellow Springs, Ohio.

Professor S. S. Huebner is acting as insurance adviser to the Committee on the Merchant Marine and Fisheries of the House of Representatives and the United States Shipping Board, and as Superintendent of Insurance of the District of Columbia. He is also serving as a member of the Insurance Committee of the United States Chamber of Commerce, and of the Committee on Insurance and Fire Prevention of the Philadelphia Chamber of Commerce.

Mr. J. Hugh Jackson, educational director with Price, Waterhouse & Company, has accepted an invitation from the University of Chicago to give a double minor in auditing during the 1923 summer quarter. The course will be open to college and university instructors and to graduate students.

Dean Emory R. Johnson, of the Wharton School of the University of Pennsylvania, sailed for South America on October 4, and will serve as a delegate of the United States government to the Second American Congress of Economic Expansion and Commercial Instruction as well as to the Cotton Congress. He will also represent the interests of the United States Chamber of Commerce and the Alumni of the University of Pennsylvania.

Professor F. F. Jordan, who for the past three years has been at the head of the department of economics and business administration in De Paul University, Chicago, has been appointed assistant professor and head of the department of marketing, College of Engineering and Commerce, University of Cincinnati.

Dr. E. A. Kincaid, of the University of California, has been appointed associate professor of economics at the University of Virginia.

Dr. Clyde L. King, of the Wharton School of the University of Pennsylvania, has been appointed by the Governor-elect of Pennsylvania as chairman of the Citizens Committee on the Finances of the State of Pennsylvania. The committee will investigate the revenue of the state from various sources, methods of taxation, governmental expenditures, and will make recommendations to the fiscal policies of the state with a view to the establishment of a budget system in state finances.

Professor C. C. Kochenderfer, who during the past five years has held the professorship of commerce at George Washington University, Washington, D. C., and who has also served as chief of the European Division of the United States Bureau of Foreign and Domestic Commerce, has begun his duties in the department of economics in Colgate University, Hamilton, New York.

Mr. C. A. Kulp will give a course in organized stock and produce exchange markets in the summer school of the University of Pennsylvania in 1923.

Professor Edmond E. Lincoln has left the Harvard Graduate School of Business Administration to become chief statistician of the Western Electric Company in New York.

Mr. H. J. Loman has been appointed assistant professor in insurance

at the Wharton School of the University of Pennsylvania. He will conduct a course in insurance in the summer school of the University of Pennsylvania in 1923.

Mr. John J. Louis, of the Dayton Company of Minneapolis, has been made lecturer in marketing at the University of Minnesota.

Mr. J. Lee McDonald, of Columbia University, is at the University of Minnesota this year, giving the courses of Dr. Blakey, during the latter's absence.

Mr. Arthur D. Maxwell has been made instructor in accounting at the Wharton School of the University of Pennsylvania.

Mr. E. E. Muntz, of Hobart College, is now instructor in the department of economics and social institutions of Princeton University.

Dr. Claudius T. Murchison has been promoted from associate professor of business economics to professor of business economics in the University of North Carolina.

Professor Jay L. O'Hara, of Carnegie Institute of Technology, has been appointed lecturer in business organization at the University of Minnesota.

Mr. W. E. Payne has been appointed instructor in economics in the Liberal Arts College of the University of Cincinnati.

Miss Ida M. Pope has been made instructor in economics in the University of Idaho.

Professor Alva E. Prickett, of Indiana University, has been promoted from the rank of assistant professor to that of associate professor of economics.

Miss Margaret Ray has been appointed assistant in economics in Vassar College.

Professor L. A. Rufener has been promoted to a full professorship at West Virginia University.

Mr. William G. Schluter has been appointed assistant professor of finance in the Wharton School of the University of Pennsylvania.

Mr. Lynn I. Schoonover has been made assistant professor of economics in the University of Idaho.

Professor E. R. A. Seligman, of Columbia University, will go to Europe at the end of January to work on international finance for the League of Nations at Geneva.

Mr. James G. Smith has been appointed instructor in economics and social institutions in Princeton University.

Mr. Shirley D. Southworth has been made instructor in the department of economics and social institutions of Princeton University.

Mr. Earle S. Sparks has been promoted to an assistant professorship in the department of economics in Tufts College.

Mr. James L. Stever has been appointed instructor in accounting in the Wharton School, University of Pennsylvania.

Professor Walter W. Stewart, of Amherst College, has obtained leave of absence for the present academic year in order to accept the position of director of the Division of Analysis and Research of the Federal Reserve Board.

Professor R. H. Tucker, of Washington and Lee University, has received an appointment to the Virginia Commission on Simplification of State Government, created by the 1922 session of the legislature. This commission will make a study of state and local government in Virginia, and present recommendations to the 1924 session of the legislature, looking to economy and efficiency.

Dr. Rexford G. Tugwell has been made assistant professor in the department of economics, Columbia University.

Dr. U. G. Weatherly, of Indiana University, spent last summer at the University of Colorado, where he gave a course of lectures.

Mr. Georges M. Weber, special expert of the United States Tariff Commission, has accepted an appointment as a member of the staff of the newly created Institute of Economics in Washington. Mr. Weber recently returned from Europe where he made a study of industrial conditions for the Tariff Commission.

Mr. Carl Joseph Whelan is an instructor in economics in Princeton University.

Mr. John P. Young is an instructor in economics and social institutions in Princeton University.

Mr. C. C. Zimmerman has been made instructor in economics at the University of Missouri.

The American Economic Review

VOLUME XII

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**NEW HAVEN, CONN.
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1922

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